

Closing the UK's economic crime enforcement gap:

Proposals for boosting resources for UK law enforcement to fight economic crime.

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Spotlight on Corruption works to end corruption within the UK and wherever the UK has influence. Our vision is for a society where strong, transparent, and accountable institutions ensure that corruption is not tolerated.

We believe that by holding the UK government to account for enforcing its anti-corruption law and scrutinising the performance of the UK enforcement bodies and the UK courts, we can help end impunity for corruption.

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KEY STATISTICS

£190 billion annual UK losses to fraud.¹

£100 billion annual UK cost of money laundering at a conservative estimate.²

Combined together £290 billion is equal to **14.5%** of the UK's annual £2 trillion GDP.

£852 million the average amount spent each year on core national-level agency budgets for fighting economic crime at a generous estimate (including the National Crime Agency budget in full).³

Equivalent to **0.09%** of total government spending.⁴

Or **0.042%** of the UK's annual £2 trillion GDP.⁵

£3.9 billion the amount raised by law enforcement agencies through fines, confiscation, forfeiture and civil recovery orders between 2016 and 2021.⁶

93% - or **£748 million** per year - the amount law enforcement budgets could have been increased by if this money had been fully reinvested into the agencies on top of core budgets.

289 – the number of additional investigators the Serious Fraud Office could have employed if just a quarter of the £1.63 billion it brought into the UK Treasury from fines and confiscation had been reinvested in the agency.

1% (£42 million) of the additional **£4.2 billion** Home Office funding announced in Autumn Budget and Spending Review 2021 allocated for economic crime enforcement⁷ - half of what law enforcement requested.⁸

9.6% - the percentage of the **£434.4 million** new investment in combatting economic crime since 2019 which has gone into enforcement.⁹

£3.6 million budget cut for law enforcement working on international corruption work as a result of aid cuts.¹⁰

0 – target for Unexplained Wealth Orders under aid-funded international corruption work at the NCA.¹¹

1% - amount of police resource dedicated to fraud, despite the fact that it accounts for 33% of all crime - according to law enforcement chiefs.¹²

35% drop in overall prosecutions for money laundering since 2016.¹³

2% - the amount of frauds detected, according to a 2020 official review.¹⁴

¹ Figure taken from "The threat from fraud." NCA. <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/fraud-and-economic-crime>. The estimate for fraud losses varies, with Sir Craig Mackey's report putting the cost at £130 billion per year (<https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report.pdf>), taken from a study undertaken by Jim Gee and Professor Mark Button, the Financial Cost of Fraud 2019, University of Portsmouth. <https://researchportal.port.ac.uk/en/publications/the-financial-cost-of-fraud-2019-the-latest-data-from-around-the->

² Figure taken from the NCA document "National Economic Crime Centre leads push to identify money laundering activity."

<https://www.nationalcrimeagency.gov.uk/news/national-economic-crime-centre-leads-push-to-identify-money-laundering-activity>. The NCA's 2020 National Strategic assessment states that this figure could reach "there is a realistic possibility that it is in the hundreds of billions of pounds annually."

<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/437-national-strategic-assessment-of-serious-and-organised-crime-2020/file>

³ This figure is based on an average of the 5 year budgets (2016/17 to 2020/21) of the National Crime Agency, the NCA's International Corruption Unit (funded through the UKACT programme), the Serious Fraud Office, the CPS Specialist Fraud Division and Proceeds of Crime unit, and HMRC's Fraud Investigation Service. The National Crime Agency's budget has been included in full because the NCA has argued it is impossible to separate out its economic crime work from broader work fighting serious and organised crime. While only including certain units would have underplayed the amount the NCA spent on economic crime enforcement, including the full budget inflates the amount of what is currently spent. It does not include; money raised by HMRC and the FCA from supervised firms to undertake its duties as an AML supervisor (as this does not represent public investment), nor does it include the budgets of the regional organised crime units, the budget of the City of London Police's economic crimes division or the Metropolitan Police Economic Crime Command, as we have focused on national level agencies.

⁴ Based on total government spending of £881.4 billion for the years 2019/2020. See table 1.1 "Total managed expenditure"

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901406/CCS207_CCS0620768248-001_PESA_ARA_Complete_E-Laying_002_.pdf.

⁵ Calculation based on UK's annual £2 trillion annual GDP. See Office of National Statistics figures. <https://www.ons.gov.uk/economy/grossdomesticproductgdp>

⁶ The figure is based on the amounts raised between 2016/17 to 2020/21 by the Serious Fraud Office (£1.56 billion), the National Crime Agency (£108.2 million), the National Crime Agency's International Corruption Unit (£207.3 million), the Crown Prosecution Service Proceeds of Crime Unit (£567.8 million), Her Majesty's Revenues and Customs (£918.9 million in Proceeds of Crime fines, £13.47 million in anti-money laundering fines, £76 million from confiscation orders and £97.6 million from forfeitures) and the Financial Conduct Authority (£356 million). This figure does not include monies recovered by the CPS Specialist Fraud Division due to a lack of data. Through an FOI request, Spotlight on Corruption was able to ascertain that the Division obtained confiscation orders worth £164.1 million for the same period, but there is no data on how much of this was enforced and subsequently collected.

⁷ See Autumn Budget and Spending Review 2021. HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1043689/Budget_AB2021_Web_Accessible.pdf

⁸ According to comments made by NECC head Graeme Biggar given as oral evidence at the House of Commons Work and Pensions Committee in July 2021, the NECC requested £80 million in new funding. <https://committees.parliament.uk/oralevidence/1470/html/>

⁹ The government announced in the Autumn Budget and Spending Review 2021 £42 million of new investment to deliver on the Economic Crime Plan (£18 million in 2022-23 and £12 million per year in 2023-24 and 2024-25). See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1043688/Budget_AB2021_Print.pdf

¹⁰ See review of UK Action Against Corruption Programme (UKACT) Annual review 300597 (Published - March, 2021).

<https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300597/documents>

¹¹ Ibid.

¹² See comments made by NECC head Graeme Biggar given as oral evidence at the House of Commons Work and Pensions Committee in July 2021.

<https://committees.parliament.uk/oralevidence/1470/html/>

¹³ Criminal justice system statistics quarterly: December 2020 <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2020>.

Figures taken from the 'Principal offence proceedings and outcomes by Home Office offence code data tool which shows prosecutions for money laundering fell from 1,998 in 2016, to 1,294 in 2020 - a 35.2% decrease.

¹⁴ Fraud. A review of the national 'lead force' responsibilities of the City of London Police and the effectiveness of investigations in the UK.

<https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report.pdf>

CLOSING THE UK'S ECONOMIC CRIME ENFORCEMENT GAP

INTRODUCTION

Economic crime – which includes corruption, bribery, money laundering and fraud - poses a major risk to the UK's national security, corrupts financial institutions and markets, reduces economic performance and undermines the integrity and reputation of the UK and its economy as a safe place to do business.

Despite high-level commitments from ministers to deliver a step change in tackling economic crime and increase the number of assets recovered from criminals, the UK is currently losing the fight against economic crime.¹ UK law enforcement capacity - an essential component of this fight - is under-resourced, over-stretched, and out-gunned.

This has serious and wide-ranging consequences. The NCA estimates that fraud alone causes losses to UK consumers, businesses and the public sector worth around £190 billion every year,² and that money laundering costs the UK more than £100 billion a year.³ Combined together, these figures are equivalent to 14.5 % of the UK's two trillion annual GDP.

An already critical situation is being worsened by the fraud epidemic arising out of public support measures during the COVID pandemic. The UK's National Audit Office has found that the target for recovering funds lost to fraud in the Covid small business Bounce Back Loan scheme is just £6 million against potential losses of £5 billion.⁴ The Treasury has said it has written off £4.3 billion of £5.8 billion paid out in fraud and error under Covid support schemes including Eat Out to Help Out.⁵

Meanwhile, a spate of investigations arising from data leaks, ranging from the Panama Papers in 2017, to the FinCen files in 2020 and most recently the Pandora Papers in 2021,⁶ have shown that the UK's financial and property sectors continue to be major magnets for money laundering, with UK-registered companies a vehicle of choice for money launderers around the world.⁷ These leaks highlight the serious consequences for the UK's reputation with the UK being categorised by the US Treasury as a “higher-risk jurisdiction” according to the FinCen leaks.⁸ Despite overwhelming evidence of high money-laundering risks in the UK, criminal investigations into, and prosecutions for, money laundering in the UK have been falling rather than rising.

¹ This report uses the definition of economic crime proposed by HM Government in its Economic Crime Plan 2019-22, which is that “economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.” Economic crime comprises a range of criminality and conducts including corruption and bribery, fraud, terrorist financing, sanctions abuse and money laundering. In line with the Economic Crime Plan, this report does not cover law enforcement activity relating to tax evasion, except where it is connected to money laundering and fraud, or benefit fraud. See:

<https://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022/economic-crime-plan-2019-to-2022-accessible-version>

Much of the government's work on the UK's vulnerability to corruption and illicit finance is delivered through the Economic Crime Plan (see UK Anti-Corruption Strategy Year 3 Update

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041398/2021.12.15_Year_3_Update_to_the_Anti-Corruption_Strategy.pdf)

² The threat from fraud. National Crime Agency. <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/fraud-and-economic-crime>. The estimate for fraud losses varies, with Sir Craig Mackey's report putting the cost at £130 billion per year (<https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report.pdf>), taken from a study undertaken by Jim Gee and Professor Mark Button, the Financial Cost of Fraud 2019, University of Portsmouth.

<https://researchportal.port.ac.uk/en/publications/the-financial-cost-of-fraud-2019-the-latest-data-from-around-the->

³ National Economic Crime Centre leads push to identify money laundering activity. NCA.

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

⁴ The Bounce Back Loan Scheme: an update. National Audit Office. <https://www.nao.org.uk/report/the-bounce-back-loan-scheme-an-update/>

⁵ HMRC expects to recover less than half £5.8bn lost in Covid fraud and errors. The Times. <https://www.thetimes.co.uk/article/treasury-writes-off-4-3bn-in-covid-payments-lost-to-fraud-dfxt5fr7>.

⁶ Pandora papers, money laundering and corruption. House of Lords Library. <https://lordslibrary.parliament.uk/pandora-papers-money-laundering-and-corruption/>

⁷ See: At your service. Transparency International. https://www.transparency.org.uk/sites/default/files/pdf/publications/TIUK_AtYourService_WEB.pdf and The UK's kleptocracy problem. Chatham House. <https://www.chathamhouse.org/2021/12/uks-kleptocracy-problem/03-global-money-laundering-capital>

⁸ A Powerful Lawmaker Is Asking The British Government Hard Questions About The FinCEN Files Revelations. BuzzFeed UK.

<https://www.buzzfeednews.com/article/richholmes/fincen-files-britain-high-risk-parliament-questions>

In light of the risks posed by economic crime, and given repeated concerns raised in Parliament and the press that law enforcement is under-resourced to tackle the scale of the problem and provide real deterrent, Spotlight on Corruption has done an extensive review of law enforcement resourcing for the fight against economic crime over the past five years.

This review is timely as the UK government looks at renewing its Economic Crime Plan and Anti-Corruption Strategy in 2022, and as it works with partners such as the US through the Summit for Democracy's year of action.⁹ The US itself has committed to "increasing law enforcement resources and bolstering information sharing between the intelligence community and law enforcement" as part of its new flagship Anti-Corruption Strategy launched at the Summit.¹⁰

Our report finds that despite bringing in considerable revenue for the Exchequer, law enforcement budgets at core agencies tasked with fighting economic crime continue to suffer from real-term cuts and short-term budget allocations rather than sustained investment. Aid cuts have impacted the ambition with which new dirty money tools such as Unexplained Wealth Orders can be used, while recruitment and retention of essential staff such as financial investigators remain elusive. Law enforcement agency performance on tackling economic crime is stalling across the board despite the welcome high-profile prosecution of NatWest bank and an increased use of some dirty money tools such as Account Freezing Orders. The current mechanism for reinvesting assets into law enforcement, the Asset Recovery Incentivisation Scheme (ARIS) is broken.

Our report concludes that existing government proposals for funding law enforcement are not sufficient to drive the transformational change needed to keep pace with what the government recognises as a severe and growing threat. If the UK is to tackle economic crime effectively, far greater ambition about the scale of public investment needed is required.

⁹ The December 2021 Summit. US Department of State. <https://www.state.gov/further-information-the-summit-for-democracy/#Next>

¹⁰ United States Strategy on Countering Corruption. The White House. <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>

OVERALL FINDINGS

1. Most law enforcement agencies working on economic crime generate income from economic crime enforcement worth far more than their budgets¹¹

- In the last five years the Serious Fraud Office (SFO) has obtained £1.57 billion through Deferred Prosecution Agreements (DPAs), £50.2 million from confiscation orders and £10 million from civil recovery orders – a total of £1.63 billion - on a budget of £304.4 million. That means for every £1 invested into the SFO, the agency reclaims over £5 from criminals and rogue companies for the treasury, a 400% return on its budget.¹²
- The Crown Prosecution Service (CPS) Proceeds of Crime unit recovered assets, in tandem with police units and the National Crime Agency (NCA), worth £567.8 million through confiscation orders from criminals, eleven times more than its £51.7 million budget for the same period, nearly a 1000% return on investment.¹³
- The NCA's International Corruption Unit (ICU) recovered assets worth £407.3 million, over ten times more than the £39 million cost of the five year programme, a 944% return on its budget, of which around £200 million has been returned to countries from which it was stolen.¹⁴
- Data from 3 of the UK's Regional Organised Crime Units (ROCU) shows a similarly impressive performance, for every £1 spent an average of £9 is being confiscated from criminals, a 800% return.¹⁵

According to our analysis, in total, national level agencies raised £3.9 billion through fines, confiscation, forfeiture and civil recovery orders between 2016 and 2021.¹⁶

Other agencies recovered fewer assets when compared to their budgets although they provided significant other savings to the taxpayer through “disruptions”,¹⁷ some of which are impossible to quantify. For instance:

- The NCA has recovered £108.2 million through confiscation and forfeiture orders from criminals over the last five years.¹⁸
- HMRC reclaimed £919 million from exercising its proceeds of crime powers between 2016/17 and 2020/21.¹⁹ However, it estimates that it has saved the taxpayer £30 billion through its work.²⁰

¹¹ Each agency has a distinct remit and portfolio and therefore agencies' rates of return are not directly comparable.

¹² Data taken from SFO annual reports. Refer to SFO data in section 6.

¹³ Budget and performance figures relating to the CPS Proceeds of Crime unit were obtained through FOI requests. Refer to CPS data in section 6.

¹⁴ Figures taken from the UK Action Against Corruption (UK ACT) - Project Completion Review. <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>

¹⁵ This calculation is based on the data supplied by WMROCU, ERSOU and NERSOU. The remaining ROCUs refused to disclose any information after FOI requests were submitted.

¹⁶ The figure is based on the amounts raised between 2016/17 to 2020/21 by the Serious Fraud Office (£1.56 billion), the National Crime Agency (£108.2 million, the National Crime Agency's International Corruption Unit (£207.3 million), the Crown Prosecution Service Proceeds of Crime Unit (£567.8 million), Her Majesty's Revenues and Customs (£918.9 million in Proceeds of Crime fines, £13.47 million in anti-money laundering fines, £76 million from confiscation orders and £97.6 million from forfeitures) and the Financial Conduct Authority (£356 million). This figure does not include monies recovered by the CPS Specialist Fraud Division due to a lack of data. Through an FOI request, Spotlight on Corruption was able to ascertain that the Division obtained confiscation orders worth £164.1 million for the same period, but there is no data on how much of this was enforced and subsequently collected.

¹⁷ According to the NCA, “a disruption has been achieved when an individual or group is unable to operate at its usual level of activity for a period of time, or there has been an effect on a vulnerability, and this has impacted on the threat. A disruption may be achieved by any activity covered by Pursue, Prevent, Protect or Prepare and will have involved some form of intervention, prompted by the appropriate agency, which has resulted in a positive output or outcome against a threat.” <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/9-nc-a-annual-plan-2017-18-1/file>

¹⁸ See Home Office statistics. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021> Reporting force and agency data - assets recovered: September 2021.

¹⁹ This figure is based on the total money raised by HMRC's Fraud Investigation Service using proceeds of crime powers from both criminal and civil means. Data from FOI rec 1/10. FOI2021/21043

²⁰ Figure used at a HMRC Stakeholder conference.

2. Law enforcement agencies involved in fighting economic crime continue to suffer from real-term cuts to their core budgets

Despite these significant rates of return, core funding across the largest publicly funded enforcement agencies in the last 5 years has failed to keep up with inflation or recover from cuts imposed under austerity measures earlier in this government:

- Between 2016-21, the NCA's core budget decreased by 4.2% in real terms and would need an additional investment of £21 million on top of its 2020/21 budget to have stayed the same in real terms.²¹ This decrease contrasts starkly with the fact that in 2019, former Director-General of the NCA, Lynne Owens, said the agency needed an additional £650 million a year – or a 54% increase - to be able to fight economic and organised crime effectively.²²
- The CPS benefitted from a 2.9% increase between 2016/17 and 2020/21, but there was a 33% real terms cut to its budget between 2010 and 2019.²³ In order to restore funding to 2010 levels, the government would have needed to increase CPS funding by 46.6% or by £264.2 million on 2020/21 levels,²⁴ or £184.8 million more than the £80 million increase announced in the Autumn Budget. Furthermore, it is unlikely that any of this 2.9% increase will be spent on economic crime enforcement given competing priorities.²⁵
- HMRC's core budget has been frozen at 2019 levels for the remainder of the parliament²⁶ but the department will receive an additional £292 million over the next three years for initiatives such as the COVID-19 Taxpayer Protection Taskforce.²⁷
- Only the SFO has received a small increase in resources, with its budget rising by an average of 1.1% per year between 2016/17 and 2020/21.²⁸

3. New investment in law enforcement is insufficient to drive a step change in economic crime enforcement

New funding announcements for economic crime enforcement only scratch the surface of what is needed and consistently fall far below what agency bosses have requested:

- The £42 million new funding for law enforcement economic crime work announced in the Autumn budget was half of what law enforcement were asking for,²⁹ well below the low hundreds of millions that law enforcement actually said it needed,³⁰ and represents just 1% of the £4.2 billion increase to the Home Office's budget over the next three years.

²¹ The NCA's 2016/17 core budget of £464.1 million adjusted for inflation is worth £519.8 million now, or 4.2% higher than its £498 million budget for 2020/21. Refer to section 6 for NCA budget statistics. These figures do not include additional external funding for the NCA including for its International Corruption Unit or the Illicit Finance and SARs Reform programmes.

²² NSA 2019: Speech by DG Lynne Owens. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/297-national-strategic-assessment-director-general-lynne-owens-speech/file>

²³ See "FactCheck: extra funding for CPS comes after long-term cuts." Channel 4 News. <https://www.channel4.com/news/factcheck/factcheck-extra-funding-for-cps-comes-after-long-term-cuts>

²⁴ Ibid. The CPS' 2020/21 budget of £566.8 million would need to be increased by £264.2 million or 46.6% to level with the agency's 2010 budget. Refer to Section 7 for data on the CPS.

²⁵ The Autumn Budget and Spending Review 2021 suggests that this money will be used to "support the work of 20,000 additional police officers and go further to improve its response to rape and sexual assault cases in line with the ambitions set out in the government's end-to-end Rape Review. It also delivers increased CPS investment in digital innovation." HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029973/Budget_AB2021_Print.pdf

²⁶ See page 33 HMRC annual report 2020/21. <https://www.gov.uk/government/publications/hmrc-annual-report-and-accounts-2020-to-2021>

²⁷ According to an analysis undertaken by Tax Watch, it is not clear how much of this money will be invested into the taskforce, or how much will go toward increased compliance work related to the UK's departure from the EU.

²⁸ The SFO's funding arrangements were changed in 2018/19 after a 2016 report published by the HM Chief Inspector of the CPS "Serious Fraud Office governance arrangements" recommended additional 'blockbuster' funding for complex cases. <https://www.sfo.gov.uk/2018/04/19/changes-to-sfo-funding-arrangements/>

²⁹ According to comments made by NECC head Graeme Biggar given as oral evidence at the House of Commons Work and Pensions Committee in July 2021, the NECC requested £80 million in new funding. <https://committees.parliament.uk/oralevidence/1470/html/>

³⁰ See 2019 comments made by NCA DG Lynne Owens in which she called for the NCA's budget to be increased by £650 million per year to £1 billion, a 54% increase. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/297-national-strategic-assessment-director-general-lynne-owens-speech/file>

- The 2020 report by the independent National Crime Agency Remuneration Review Body raised questions about why the NCA had “*not been able to secure the resources it needed to accelerate the pace of change.*” Its 2021 report reiterated these concerns and found that “*restricted funding [at the NCA] hampers skills attraction and retention.*”³¹
- According to our analysis the current sustainable resourcing model (SRM) for economic crime enforcement is not sufficient to deliver on the government’s Economic Crime Plan.

It is not clear how or whether the government’s proposed Economic Crime Levy (ECL) will address the UK’s enforcement resourcing gap. The ECL will bring in an additional £100 million per year from fees levied on the regulated sector starting in 2023/24.³² Following public consultation these funds will only be used for tackling money laundering rather than wider economic crime such as fraud and corruption,³³ and it is not clear how much or even whether any of the funds will be assigned to law enforcement to improve money laundering enforcement outcomes.

4. Short-term year-on-year funding models are disruptive to agency performance and need to be replaced urgently

There is widespread consensus that short-term, annual funding pledges, with sudden cliff-edges, which has been the predominant funding model for economic crime enforcement in the UK, prevents agencies from building up long-term capacity.

- In 2019, Public Accounts Committee (PAC) found that annually approved funding negatively affects agency performance and called for much greater clarity from HM Treasury on how multi-year police programmes will be funded and administered by the NCA and other frontline agencies such as ROCUs and regional police forces.³⁴
- In 2019, the National Audit Office (NAO) concluded that “*funding arrangements remain complex, inefficient and uncertain*” and create “*a mismatch between government plans and its ability to deliver on them.*”³⁵
- In his 2021 independent review into funding for combatting Serious and Organised Crime, Sir Craig Mackey called on the government to implement multi-year budgets to “*drive system transformation, capabilities development and capacity growth.*”³⁶
- In 2021, Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) encouraged the Home Office to make it clear to the NCA how much money it will have over the next three years to allow the agency to invest in longer-term projects.³⁷

A new steering group was established by the Home Office Permanent Secretary with support from the NCA, HM Treasury and Cabinet Office in February 2021 to agree on a new funding model for the NCA,³⁸ but it is not clear whether this goal was achieved and whether similar funding arrangements are being considered across the board for economic crime enforcement.

³¹ National Crime Agency Remuneration Review Body. Seventh Report 2021.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004935/NCARRB_2021_report_-_web_accessible.pdf

³² Economic crime levy: Funding new government action to tackle money laundering. HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902445/Levy_Consultation_Document_-_FINAL_.pdf

³³ Economic Crime (Anti-Money Laundering) Levy Response to the consultation. HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1019454/HMT_ECL_Consultation_Response_final__21.09.21_.pdf

³⁴ Serious and Organised Crime. Committee of Public Accounts. This report includes “*money laundering; fraud and other economic crime; international bribery, corruption and sanctions contravention*” within its definition of serious and organised crime.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/2049/2049.pdf>

³⁵ Tackling serious and organised crime. National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2019/03/Tackling-serious-and-organised-crime.pdf>

³⁶ Independent Review of Serious and Organised Crime. <https://www.gov.uk/government/publications/independent-review-of-serious-and-organised-crime/independent-review-of-serious-and-organised-crime-accessible-version>

³⁷ ‘Home Office should provide clarity on National Crime Agency funding.’ HMICFRS.

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/home-office-should-provide-clarity-on-national-crime-agency-funding/>

³⁸ Annual report and accounts 2020-21. NCA. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/546-national-crime-agency-annual-report-and-accounts-2020-21/file>

The need for multi-year sustained public investment in enforcement budgets militates against one-off boosters in spending reviews, and one-off windfalls, such as the government is considering with the unlocking of funds suspended in bank accounts – which has the potential to be controversial without adequate safeguards.³⁹

5. There are ongoing serious issues with recruitment and retention of specialist economic crime staff, with fewer financial investigators accredited than three years ago

Our research found that the government is failing to deliver on its ambition to improve recruitment and retention of specialised financial investigators needed in order to tackle economic crime. Concerns highlighted by separate Parliamentary Committees in 2016 about a 6% fall in the number of financial investigators and issues with retention do not appear to have been adequately addressed. A review into how the NCA's Proceeds of Crime Centre – the national body for training and accrediting financial investigators – is performing, commissioned in 2019, has never been published. We found moreover that:

- Government spending on the NCA's Proceeds of Crime Centre has decreased in the past five years, falling from £982,000 in 2017/18 to £937,000 in 2020/21.⁴⁰
- The amount of accreditations given out to investigators by the centre decreased from 241 in 2018/19 to 151 in 2019/20.⁴¹
- There has been an equivalent drop in the number of 'confiscator' accreditations being given to experienced financial investigators, falling from 143 in 2017/18 to 83 in 2019/20.⁴²

These reductions are at odds with government ambitions to improve recruitment and retention of financial investigators and raise serious concerns as to whether the recruitment issues identified in 2016 by both the Committee on Public Accounts⁴³ and the Home Affairs Committee are being resolved.⁴⁴

6. Cuts in Overseas Development Aid have reduced the ambition with which law enforcement can use new dirty money tools such as Unexplained Wealth Orders

Since 2006, UK aid money has been used to support the Action Against Corruption Programme (UKACT) which provides funding to units within the NCA, the CPS and the City of London to fight international corruption. The programme has resulted in £1.1 billion in corrupt assets being frozen, confiscated or returned. Between 2015/16 and 2019/2020 alone, these Overseas Development Aid (ODA) funded units between them confiscated and returned £407.3 million, meaning that every £1 invested into the unit, it denied £10.4 to corrupt actors in the UK and developing countries.

Despite the success of this programme, cuts to the aid budget have been imposed which will have serious impacts. These include:

³⁹ According to a government impact assessment the amount could include £30 million to £50 million in the first year, followed by £2.5 million per year thereafter. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/621194/Impact_Assessment_-_Forfeiture_of_Bank_Accounts.pdf In the Economic Crime Plan Progress Update the government claimed the Home Office is finalising policy and legislative proposals to unlock the funds.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

⁴⁰ Data taken from parliamentary question tabled by Kevin Holinrake MP on 25/10/21. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62781>

⁴¹ Ibid.

⁴² Ibid.

⁴³ House of Commons Committee of Public Accounts Confiscation orders: progress review.

<https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/124/124.pdf>

⁴⁴ Proceeds of crime: Government response to the Committee's Fifth Report of Session 2016–17

https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/805/80504.htm#_idTextAnchor003

- The shelving of a planned 25% expansion to the programme between 2020 and 2025, and a 14.7% cut in the aid funded budget for this work over that period. In concrete terms this will result in a cut of £3.6 million to the 5 year program budget.
- The dropping of plans to significantly increase the use of Unexplained Wealth Orders (UWOs) to target the assets of politically exposed persons with aid money.⁴⁵ The NCA's Civil Recovery Team (CRT) which leads on UWOs, has now set its target for using UWOs on the basis of investigation work done by the ICU at zero,⁴⁶ although the NCA disputes that this target is relevant as it focuses more broadly on denying assets to corrupt actors.⁴⁷

These cuts undermine the credibility of statements made by ministers in Parliament as recently as October 2021 that the government is “making sure that the resources are there to support” the use of UWOs.⁴⁸ They also raise questions as to whether proposed legislative fixes to the UWO regime in the forthcoming Economic Crime Bill will be meaningful if the funding for staff to use UWOs has been cut.

7. Agency performance on economic crime prosecutions is weak across the enforcement landscape

The UK's track-record on high-end money laundering enforcement previously identified by the FATF as an area of concern⁴⁹ is showing signs of further deterioration and must be urgently reversed if the UK is to seize the initiative on combatting economic crime. According to our analysis:

- Overall prosecutions for money laundering in the UK have fallen by 35% since 2016.⁵⁰
- Despite a welcome headline grabbing corporate prosecution of NatWest bank for money-laundering in December 2021 resulting in a £264.8 million fine,⁵¹ the Financial Conduct Authority (FCA) has only twice in the last 5 years levied more than one fine in a year for breaches of AML rules. Criminal investigations for money laundering breaches by the authority have fallen from 14 in 2017 to 3 in 2020.⁵² The regulator has yet to undertake any enforcement action relating to AML breaches under the Senior Managers Certification Regime.⁵³
- HMRC criminal and civil investigations for money laundering halved from 57 in 2017/2018 to 22 in 2020/21.⁵⁴

Despite a notable increase in the use of some civil “dirty money” tools such as Account Freezing Orders,⁵⁵ and a recent significant uptick in referrals from the NCA to the CPS Specialist Fraud Division, further indications of weak performance by economic crime agencies across the landscape include:

⁴⁵ UWOs obtained against PEPs may also be brought by other NCA units.

⁴⁶ See Annual review 300597 (Published - March, 2021). <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300597/documents>. This target is specifically for the NCA ICU and it is possible that other NCA units may obtain UWOs against PEPs.

⁴⁷ Email correspondence with NECC received 05/01/22.

⁴⁸ See comments made by Damian Hinds MP (Minister of State (Home Office) (Security)). <https://www.theyworkforyou.com/debates/?id=2021-10-18d.547.1&s=speaker%3A24965#g551.1>

⁴⁹ In 2018, the Financial Action Task Force (FATF) found that it was not clear “whether the level of prosecutions and convictions for high-end [money-laundering] is fully consistent with the UK's threats, risk profile and national [anti-money laundering] policies.” See FATF 2018 UK Mutual Evaluation Report: <https://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-United-Kingdom-2018.pdf>

⁵⁰ Criminal justice system statistics quarterly: December 2020 <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2020>. Figures taken from the ‘Principal offence proceedings and outcomes by Home Office offence code data tool which shows prosecutions for money laundering fell from 1,998 in 2016, to 1,294 in 2020 - a 35.2% decrease.

⁵¹ NatWest fined £264.8 million for anti-money laundering failures. FCA. <https://www.fca.org.uk/news/press-releases/natwest-fined-264.8million-anti-money-laundering-failures>

⁵² FOI request published by the FCA. <https://www.fca.org.uk/publication/foi/foi7640-response.pdf> This statistic includes: investigations into criminal breaches of the Money Laundering Regulations 2007 (MLR 2007), investigations into criminal breaches of the Money Laundering Regulations 2017 (MLR 2017), and investigations into criminal breaches of both MLR 2007 and MLR 2017.

⁵³ This was confirmed by the FCA in written correspondence received on 13/10/21.

⁵⁴ Data from FOI received 1/10 and 18/10. The conviction figures are the result of criminal prosecution cases resulting in guilty verdicts in court. The cases include all criminal offence types including tax evasion.

⁵⁵ See: “Account Freezing Orders: Law Enforcement's Ace of Spades”, Spotlight on Corruption briefing, March 2021: <https://www.spotlightcorruption.org/briefing-account-freezing-orders-law-enforcements-ace-of-spades/>

- The NCA has obtained fewer than five convictions per year for economic crime offences over the past five years.⁵⁶ Due to a lack of accurate data it is not possible to estimate the conviction rate but it is likely to be below 50%.⁵⁷
- The number of criminal cases on the SFO's books has halved over the past three years, and in 2021, the agency opened just 4 new probes – its lowest in over a decade.⁵⁸ During the last five years, the number of individuals convicted by the SFO has sunk from 13 in 2016/17 to 8 in 2019/20, reaching just 4 in 2020/21.
- Just one in 500 frauds reported to the police result in prosecutions,⁵⁹ while an official review in 2020 found that less than 2% of frauds are detected.⁶⁰

While the causes of weak performance are complex, they would appear to be directly linked to resourcing issues, particularly with regards to the ability of law enforcement agencies to recruit, retain and provide competitive pay to staff.

8. The principal means for returning funds recovered through confiscation to law enforcement - the Asset Recovery Incentivisation Scheme (ARIS) – is not working and needs fundamental reform

Various independent and parliamentary reviews have been highly critical of the ARIS scheme – which allows a portion of assets recovered by law enforcement to be reinvested in asset recovery work – yet their recommendations have broadly gone unheeded. The NAO found the ARIS scheme to be “ineffective” in 2016, and criticised the basis by which it was distributed.⁶¹ The Public Accounts Committee was also highly critical of the Scheme in 2016,⁶² while the Law Commission's current consultation on the UK's confiscation regime, due to report by the end of 2022, has similarly outlined serious concerns and problems with the regime, including the real risks of perverse incentives that it creates. The Law Commission has highlighted the need for a review.⁶³

It is a matter of serious concern that multiple recommendations about reform to ARIS by the NAO and PAC remain unimplemented.

Furthermore, it is not clear that ARIS is working on its own terms:

- The total annual value of the proceeds of crime recovered from Confiscation Orders, Forfeiture Orders and Civil Recovery Orders has fallen from £255 million in 2015/16 to £219 million in 2020/21 rather than rising in line with government ambitions.⁶⁴
- According to the Joint Asset Recovery Database (JARD), the value of funds recovered from confiscation orders from criminal proceedings has fallen nearly every year from £207 million in 2016/17 to £99 million in 2020/21 - a 52% drop.⁶⁵

⁵⁶ Data on the number of prosecutions secured by the NCA for economic crime offences was obtained through FOI requests to the Crown Prosecution Service. In its response, the actual figures were categorised as being “less than 5” or “more than 5.” The CPS' FOI response claims that this is done to anonymise the data to protect the identities of the convicted in line with its FOI obligations.

⁵⁷ This data was supplied in the FOI as “<5.” According to the FOI release, this was done to protect personal identification.

⁵⁸ Low number of new SFO cases sparks concern. Global Investigations Review. <https://globalinvestigationsreview.com/enforcement/low-number-of-new-sfo-cases-sparks-concern>

⁵⁹ Just one in 500 frauds are prosecuted by police. <https://www.telegraph.co.uk/news/2020/03/22/just-one-500-frauds-prosecuted-police-despite-20-per-cent-rise/>

⁶⁰ Fraud. A review of the national 'lead force' responsibilities of the City of London Police and the effectiveness of investigations in the UK.

<https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report.pdf>

⁶¹ Confiscation orders: progress review. National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2016/03/Confiscation-orders-progress-review.pdf>

⁶² Commons Select Committee. Confiscation orders: progress review. <https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/124/12402.htm>

⁶³ Confiscation under Part 2 of the Proceeds of Crime Act 2002. The Law Commission. <https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>

⁶⁴ See Reporting force and agency data - assets recovered: September 2021. Figures are for the total value of proceeds of crime recovered in receipts from Confiscation Orders, Forfeiture Orders and Civil Recovery Orders for the financial years 2015 to 2016 until 2020 to 2021, England and Wales, Northern Ireland and those with no recorded jurisdiction.

⁶⁵ See Figure 1. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>

- For the same period, forfeiture orders have increased from £44 million in 2017/18 to £107 million in 2020/21 – a 143% rise – due to the inclusion of Account Freezing Orders and Listed Asset Orders introduced under the Criminal Finances Act 2017.⁶⁶
- Yet despite this rise in forfeiture orders, the overall amounts recovered continue to fall resulting in participating agencies in ARIS recording a decrease of 34% in the amount of funds they use to fund future asset recovery work from £72.9 million in 2015/2016 to £48.3 million in the financial year 2019/20.⁶⁷

This finding challenges assumptions that the proceeds of asset recovery can become one of the core components of overall funding for law enforcement agencies, as suggested by the Economic Crime Plan. Furthermore, it suggests that while the ARIS scheme works for some agencies, such as HMRC, for others it risks creating a vicious downward spiral whereby poor results in bringing in assets leads to ever decreasing funding for their asset recovery work. This makes it hard for enforcement bodies to invest in long-term capacity to significantly increase results.

9. Transparency about economic crime enforcement and funding remains poor, making accountability hard to achieve.

Accurate information about both enforcement and enforcement resourcing is essential to ensure accountability of the UK's economic crime framework. However, it is extremely difficult to get accurate and consistent data. The NCA, one of the UK's top economic crime enforcers, does not provide a break-down of how much of its staff and resource is dedicated specifically to economic crime rather than more broadly to serious and organised crime, making it very difficult to develop accurate figures on economic crime enforcement. Additionally, the fact that the NCA, and the National Economic Crime Centre (NECC) based within the NCA, are not subject to the Freedom of Information Act, makes it doubly hard to develop accountability for economic crime enforcement.

In the course of this research we found:

- Freedom of Information requests for full copies of independent, taxpayer-funded reviews, including of the law enforcement structures and funding for serious and organised crime by Sir Craig Mackey and of the Proceeds of Crime Centre, were turned down on grounds that information related to the UK's security bodies as defined in Section 23(3) of the Freedom of Information Act.⁶⁸
- Details of investment packages to transform the UK's response to economic crime discussed with private sector representatives at the Economic Crime Strategy Board meeting in February 2021 have not been released, and requests both under Freedom of Information and by Parliamentarians for their publication have been rejected.
- Parliamentary questions about the number of economic crime investigations and arrests by the NCA, and budgets of particular units within the NCA and the NECC, including the UK's Financial Intelligence Unit (FIU) and the International Corruption Unit have not been properly answered.⁶⁹

This instinct for secrecy ill-befits the fight against economic crime and makes it astonishingly hard to get accurate data to drive evidence-based policy making.

⁶⁶ Ibid.

⁶⁷ Asset recovery statistical bulletin: financial years ending 2016 to 2021. Home Office. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021#use-of-asset-recovery-incentivisation-scheme-aris-funds>

⁶⁸ See Information Commissioner's Office. https://ico.org.uk/media/for-organisations/documents/1182/security_bodies_section_23_foi.pdf

⁶⁹ See response from Security Minister Damian Hinds to parliamentary question tabled by Kevin Hollinrake. <https://www.theyworkforyou.com/wrans/?id=2021-11-09.72531.h&s=corruption>

RECOMMENDATIONS

Spotlight on Corruption strongly recommends a major rethink in how the UK funds and resources its law enforcement capacity for combatting economic crime. In particular, we recommend that the government:

1. Create a central economic crime fighting fund, based on the principle that money generated from law enforcement's economic crime activity should be reinvested in law enforcement bodies on top of core budgets, on a sustainable, long-term basis - where it is not assigned for victim compensation.

Law enforcement agencies have raised around £3.9 billion over the last five years in fines, confiscation and forfeiture orders for the UK Exchequer.⁷⁰ Were this full amount to have been reinvested back into the agencies on top of their core budgets, overall enforcement spending could have been provisionally increased by an additional £748 million per year⁷¹ - an approximate increase of 93% on current funding levels.⁷²

Funds collected from asset recovery on economic crime cases, along with fines under the DPA regime, regulatory fines imposed by Anti-Money Laundering (AML) regulators such as HMRC and the FCA, and a portion of the proceeds from the forthcoming ECL, should be pooled into a central economic crime fighting fund to pay for overall increases in agency funding and finance long term strategic priorities such as investment in state-of-the-art IT infrastructure and data analysis capabilities. Careful consideration would need to be given to prioritising victim compensation alongside this reinvestment.

2. Commission an independent, root and branch review at the earliest opportunity into the Asset Recovery Incentivisation Scheme (ARIS) - the current system for redistributing the proceeds of asset recovery.

ARIS is not working. The Law Commission has highlighted the need for a review of the scheme⁷³ and references an ongoing review being undertaken by the Home Office. There is little clarity about what this review consists of or its timeline. Furthermore, it is not clear that the Home Office, which receives 50% of ARIS receipts, is sufficiently independent to conduct such a review. An independent review is essential and should be prioritised.

3. Develop a coherent strategy for better protecting the public purse in law enforcement economic crime actions.

A coherent strategy for protecting the public purse in economic crime law enforcement actions must be developed, including by legislating to ensure costs protection where law enforcement have acted reasonably and properly; working with the judiciary to ensure better judicial management of cases to strike out abusive litigation tactics; and working with industry to develop an enforceable model litigant code for lawyers to prevent the use of stalling and spurious tactics that waste court time and drain public resources.

⁷⁰ The £3.9 billion figure is based on the amounts raised between 2016/17 to 2020/21 by the Serious Fraud Office (£1.56 billion), the National Crime Agency (£108.2 million), the National Crime Agency's International Corruption Unit (£207.3 million), the Crown Prosecution Service Proceeds of Crime Unit (£567.8 million), Her Majesty's Revenues and Customs (£918.9 million in Proceeds of Crime fines, £13.47 million in anti-money laundering fines and £76 million from confiscation orders), the Financial Conduct Authority (£356 million) and the City of London Police (£18.1 million). This figure does not include monies recovered by the CPS Specialist Fraud Division due to a lack of data. Through an FOI request, Spotlight on Corruption was able to ascertain that the Division obtained confiscation orders worth £164.1 million for the same period, but there is no data on how much of this was enforced and subsequently collected.

⁷¹ This figure represents £3.9 billion spread over 5 years (£780 million), with ARIS receipts received by the NCA (£28.5 million) and the CPS (£78.3) subtracted. In the absence of ARIS receipt data for HMRC, we estimate that 30% (or £52 million) of the £178 million it recovered through confiscation and forfeiture orders was returned in ARIS receipts for the same period. In total, we estimate that £748 million would represent additional yearly investment for law enforcement agencies.

⁷² This calculation is based on a total spend of £4.02 billion between 2016/17 and 2020/21 for the SFO, NCA, NCA ICU, Crown Prosecution Service Proceeds of Crime and Specialist Fraud Division POC, HMRC Fraud Investigation Service. A yearly average of this £4.02 billion is £804 million, which with an additional annual £748 million investment would equal £1.552 billion, an approximate 93% increase.

⁷³ Confiscation under Part 2 of the Proceeds of Crime Act 2002. The Law Commission. <https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>

4. Develop a credible plan of action for improving recruitment and retention of all staff involved in economic crime enforcement including accredited financial investigators.

The government has yet to publish a timetable for action and progress indicators for recruitment and retention of financial investigators recommended 5 years ago by the House of Commons Home Affairs Committee.⁷⁴ It is essential that it does so. Additionally, the Economic Crime Delivery Board should commission a review to look at: how salaries in key national level UK law enforcement bodies compare with elite crime fighting agencies in other comparable jurisdictions; how deep disparities between public and private sector pay for key skills required for the fight against economic crime can be addressed; and how innovative, sustainable ways of attracting and retaining staff for tackling economic crime can be developed.

5. Significantly enhance transparency and accountability in relation to economic crime enforcement and resourcing.

Despite high-level government commitments on fighting economic crime, gathering statistics and details on law enforcement activity relating to economic crime is, with a few exceptions, far too difficult. The fact that the NCA, a key agency responsible for economic crime law enforcement, the NECC, housed within the NCA, and the FIU, housed within the NECC, are all exempt from the Freedom of Information Act makes it even harder.

In order to ensure that economic crime enforcement is subject to effective public scrutiny the requirement for the Director General of the NCA to publish information about the exercise of its functions⁷⁵ should be widened to include specific information on the NCA's activities and performance with regard to economic crime and its enforcement.

Furthermore, decision-making about how economic crime resources will be allocated needs to be much more transparent. In particular, it is essential that there is full public accountability for how the Economic Crime Levy will be used, and how decisions about how it will be allocated are made. In addition, the government should urgently review its proposed sustainable resourcing model (SRM) and in its place produce a comprehensive, consolidated analysis on what future public spending is needed to deliver on its Economic Crime Plan.

⁷⁴ House of Commons Home Affairs Committee: Proceeds of crime. <https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/25/25.pdf>

⁷⁵ Crime and Courts Act 2013 (1) Section 6. <https://www.legislation.gov.uk/ukpga/2013/22/contents/enacted>

1. Background: how much does economic crime cost?

Economic crime comprises a broad range of conducts and activities of an illicit nature involving the use of money to illegally obtain financial gain, or cause losses to others.

Since 2019 the UK government has proposed a broad, holistic definition of economic crime to be used across the public and private sector that aims to capture a range of activities including laundering the proceeds of crime, terrorist financing, committing fraud against individuals and organisations, as well as corruption, bribery and sanctions abuse.⁷⁶

Estimating with any great certainty the financial cost of serious economic crime in the UK is a complex task and has resulted in government departments producing wide-ranging and highly uncertain assessments. Furthermore, in certain areas such as corruption, whether domestic or international, there are few if any statistics available.

Calculating the cost of money-laundering

The UK is particularly exposed to high-end money laundering risks due to its position as a global financial centre that attracts substantial investment flows from around the world,⁷⁷ as well as being an important market in its own right supporting a large commercial and property sector.

Every day £1.8 trillion moves through London's financial institutions,⁷⁸ and therefore if only a fraction of this amount were tainted by economic crime, then it is likely that the full amount of illicit money being handled in the UK could reach hundreds of billions of pounds annually, a figure presented as a "realistic possibility" by the NCA in its 2018 National Strategic Assessment of Serious and Organised Crime.⁷⁹ At the lower end of the estimates, the former Security Minister Ben Wallace suggested that a previously used government figure of £90 billion was probably "a conservative estimate."⁸⁰

Calculating the cost of fraud

Fraud meanwhile is now one of the most common crimes committed in the UK and is a major government concern.

According to the results of the Crime Survey for England and Wales, 4.6 million fraud offences were recorded in 2021, a 24% increase on 2019 results.⁸¹ Fraud now accounts for nearly one third of all crime experienced by individuals.⁸² The cost of fraud against individuals in England & Wales is estimated by the Home Office to reach £4.7 billion per year, while the cost for businesses and the public sector is £5.9 billion.⁸³ Elsewhere, the 2017 Annual Fraud Indicator estimated that fraud alone costs consumers, business and the public sector £190 billion per year, equivalent to 9.3% of the UK's annual two trillion GDP.⁸⁴ Beyond the economic costs, fraud perpetrated against individuals can cause "lasting and devastating impacts on their mental health."⁸⁵

⁷⁶ Economic Crime Plan 2019-2022. HM Government.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816215/2019-22_Economic_Crime_Plan.pdf

⁷⁷ The UK's financial sector is the third largest in the OECD group of countries. See: Financial services: contribution to the UK economy.

<https://commonslibrary.parliament.uk/research-briefings/sn06193/>

⁷⁸ This figure was used by Donald Toon, Director of Prosperity (Economic crime and cyber crime) in the National Crime Agency when giving evidence to the Treasury Committee in 2019. <https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/2010/2010.pdf>

⁷⁹ National Crime Agency: The National Strategic Assessment of Serious and Organised Crime for 2018. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/173-national-strategic-assessment-of-serious-and-organised-crime-2018/file> The same figure was used in the 2019 threat assessment. This figure is also recognised in the HM Treasury document "National risk assessment of money laundering and terrorist financing 2020."

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf

⁸⁰ Economic Crime - Anti-money laundering supervision and sanctions implementation. Treasury Committee.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/2010/2010.pdf>

⁸¹ Crime in England and Wales: year ending March 2021. Office for National Statistics.

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarch2021#fraud>

⁸² Economic Crime Plan 2019-2022. HM Government. <https://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022/economic-crime-plan-2019-to-2022-accessible-version>.

⁸³ Ibid.

⁸⁴ The threat from fraud. National Crime Agency. <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/fraud-and-economic-crime>

⁸⁵ Attorney General speech at the Cambridge International Symposium on Economic Crime. <https://www.gov.uk/government/speeches/attorney-general-speech-at-the-cambridge-international-symposium-on-economic-crime>

These figures are likely to have increased substantially as a result of the government's COVID-19 economic measures. In its first assessment in October 2020, the National Audit Office (NAO) calculated that credit and fraud losses incurred as a result of the government's Bounce Back Loan Scheme (BLS) could reach £26 billion.⁸⁶ In a December 2021 update this estimate was revised downwards to £17 billion, although the number is based on "highly uncertain" assumptions.⁸⁷ Other government pandemic initiatives have been seriously affected by fraud - the Coronavirus Job Retention Scheme (CJRS) cost the government £70 billion and based on calculations made by HMRC in 2020, £7 billion is expected to be lost to fraudulent applications.⁸⁸

⁸⁶ See page 38. Investigation into the Bounce Back Loan Scheme. National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2020/10/Investigation-into-the-Bounce-Back-Loan-Scheme.pdf>

⁸⁷ See page 9. The Bounce Back Loan Scheme: an update. National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2021/12/The-Bounce-Back-Loan-Scheme-an-update.pdf>

⁸⁸ According to HMRC, the upper estimate of fraud and error affecting CJRS was 10% in 2020. If this was applied to £70 billion total cost, it would equal £7 billion. See page 4. Implementing employment support schemes in response to the COVID-19 pandemic. <https://www.nao.org.uk/wp-content/uploads/2020/07/Implementing-employment-support-schemes-in-response-to-the-COVID-19-pandemic.pdf>

2. What is the government doing to combat economic crime and is it enough?

Parliamentarians, civil society, the private sector, legal experts and law enforcement bodies have increasingly highlighted funding for law enforcement as a critical issue if the UK is to meet the scale of these ambitions and to improve its enforcement record. A recent cross-party motion put forward by Dame Margaret Hodge and Kevin Hollinrake MP identified the inadequate resourcing of law enforcement agencies as a major impediment to tackling economic crime effectively⁸⁹ and called on the government to bring forward legislative proposals to tackle economic crime in recognition of the “*devastating impact economic crime has on individuals, businesses, families and society.*”

In 2019 Theresa May’s government published the UK’s first ever Economic Crime Plan building on the commitments made in the UK’s 2016 Anti-Money Laundering and Counter-Terrorist Financing Action Plan, the 2017 Anti-Corruption Strategy and the 2018 Serious and Organised Crime Strategy. As part of the plan, the government committed (under Action 23), to develop a “*sustainable, long-term, resourcing model for economic crime reform,*” including the UK’s Financial Intelligence Unit and National Crime Agency capabilities such as the newly formed National Economic Crime Centre.⁹⁰ In the same year, the government announced an Asset Recovery Action Plan, which outlined its ambition to see “*year on year increases in the value of assets denied to and recovered from criminals.*”

To fund the plan’s implementation the government has committed to finalising a long-term Sustainable Resourcing Model (SRM)⁹¹ to support its long-term goals. Under the SRM, the government identified four core components: public funding; the proceeds of the Asset Recovery Incentivisation Scheme (ARIS); money recovered from bank accounts that have been suspended or frozen by banks on the suspicion they are linked to criminality; and from the forthcoming Economic Crime Levy.⁹² In the July 2021 update to the Economic Crime Plan the government committed to:

- Consider future HMG spending for economic crime.⁹³
- Boost investment in core asset recovery teams.
- Publish the Government response to the Economic Crime Levy consultation followed by publishing the legislation needed to establish the Economic Crime Levy.
- Finalise policy development for legislative proposals to unlock suspended funds.

Aside from the last bullet point, on suspended funds in bank accounts – something that is likely to prove controversial without adequate safeguards – the government has now in effect finalised its sustainable resourcing model. However, our research identified serious shortcomings in each of these components of the model.

Public funding:

The government’s 2020 and 2021 spending reviews contained spending commitments for additional funding toward combatting economic crime. These included:

⁸⁹ House of Commons motion tabled on Economic Crime 2/12/21. <https://www.theyworkforyou.com/debates/?id=2021-12-02a.1124.0&s=corruption#g1125.2>

⁹⁰ In addition to its work on the UK’s enforcement response, the government supported the development of intelligence and coordination capability including the National Assessments Centre that works to better understand the threat from cash based money laundering and fraud, the National Economic Crime Centre that coordinates and tasks the UK’s response to economic crime, as well as the National Data Exploitation Capability to upgrade the way in which UK agencies gather and use intelligence on the most serious fraud offenders.

⁹¹ Action 23: Develop a sustainable, long-term resourcing model for economic crime reform. UK Economic Crime Plan 2019-2022.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816215/2019-22_Economic_Crime_Plan.pdf

⁹² Economic Crime Strategic Board 17 February 2021 agenda and minutes. <https://www.gov.uk/government/publications/economic-crime-strategic-board-minutes-and-agenda-17-february-2021>

⁹³ Economic Crime Plan Statement of Progress April 2021.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

- £63 million funding for the National Economic Crime Centre (NECC), Suspicious Activity Reporting reform, and reform of the Action Fraud system⁹⁴ in 2020;
- £100 million toward a HMRC Taxpayer Protection Taskforce of 1,265 staff to combat fraud within COVID-19 support packages in Spring 2021⁹⁵; and⁹⁶
- An additional £42 million between 2022 and 2025 for tackling money laundering and fraud. This sum represents just 1% of the overall £4.2 billion cash increase to the Home Office's funding for the next three years.

For funding to have the desired effect, it must be directed toward multi-year programmes that produce cumulative results and that have clear, evaluable objectives. In the absence of multi-year adequate budget funding, the government has bridged the gap with a series of one-off funding increases and grant allocations for law enforcement agencies.⁹⁷ The clear downside to this approach is that it prevents agencies from developing long-term strategies or from implementing multi-year programmes resulting in improved capacity and the accumulation of institutional experience.

A series of independent reports have highlighted concerns about the government's failure to back frontline agencies with long-term multi-year budget increases.

In 2019 a report published by the Committee of Public Accounts concluded that "constraints created by current funding arrangements for law enforcement bodies make it harder to tackle serious and organised crime"⁹⁸ and called for much greater clarity from HM Treasury on how multi-year police programmes will be funded and administered by the NCA and other frontline agencies, such as Regional Organised Crime Units and regional police forces. This view is backed up by the National Audit Office which concluded that "*funding arrangements remain complex, inefficient and uncertain*" and create "*a mismatch between government plans and its ability to deliver on them.*"⁹⁹

Sir Craig Mackey in his independent review into funding for combatting Serious and Organised Crime concluded that "*sustained and coordinated investment over the next 5-10 years*" is needed to "*drive system transformation, capabilities development and capacity growth,*" an objective that could only be achieved through implementing multi-year budgets to develop structures, skills, and capabilities.¹⁰⁰ In addition, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) encouraged the Home Office to make it clear to the NCA how much money it will have over the next three years to allow the agency to invest in longer-term projects.¹⁰¹ A 2021 report published by National Crime Agency Remuneration Review further questioned why the NCA had "*not been able to secure the resources it needed to accelerate the pace of change.*"¹⁰²

⁹⁴ Economic Crime Plan: Statement of Progress.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

⁹⁵ Spring budget documents. HM Government. <https://www.gov.uk/government/publications/budget-2021-documents>

⁹⁶ Autumn Budget and Spending Review 2021. <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

⁹⁷ The government's 2020 spending review contained the announcement of an additional £63 million to tackle economic crime, including support for the National Economic Crime Centre (NECC), along with £20 million for Companies House reform. <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020>. See also The Conflict, Stability and Security Fund (CSSF). <https://www.gov.uk/government/organisations/conflict-stability-and-security-fund/about> as well as the Prosperity Fund. <https://www.gov.uk/government/publications/global-anti-corruption-programme>. In addition, the government has pledged £100m for HMRC to implement a Taxpayer Protection Taskforce. See p17.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

⁹⁸ Serious and Organised Crime. Committee of Public Accounts. This report includes "*money laundering; fraud and other economic crime; international bribery, corruption and sanctions contravention*" within its definition of serious and organised crime.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/2049/2049.pdf>

⁹⁹ Tackling serious and organised crime. National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2019/03/Tackling-serious-and-organised-crime.pdf>

¹⁰⁰ Independent Review of Serious and Organised Crime. <https://www.gov.uk/government/publications/independent-review-of-serious-and-organised-crime/independent-review-of-serious-and-organised-crime-accessible-version>

¹⁰¹ 'Home Office should provide clarity on National Crime Agency funding.' HMICFRS.

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/home-office-should-provide-clarity-on-national-crime-agency-funding/>

¹⁰² National Crime Agency Remuneration Review Body. Seventh Report 2021.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004935/NCARRB_2021_report_-_web_accessible.pdf

The government's resourcing for fraud has also been criticised. A 2018 independent assessment undertaken by HMICFRS concluded that "*the amount of intelligence, investigation and prevention work that fraud requires is not matched by the resources allocated to it.*"¹⁰³ Three years later a HMICFRS follow up report continued to identify discrepancies in law enforcement's approach to tackling fraud, noting that less than 1% of all police personnel were involved in fraud investigation, despite fraud now comprising 36% of all recorded crime.¹⁰⁴

In this context it is disappointing that the Autumn Budget and Spending Review did not allocate more ambitious multiyear additional public sector funding for core budgets of agencies such as the NCA and CPS which have seen their budgets reduced by real-terms cuts in recent years.¹⁰⁵

Budget cuts are additionally being felt elsewhere. Reductions to Overseas Development Aid have led to a planned 25% expansion of illicit finance and international corruption work by law enforcement have been put on ice, resulting in a £3.6 million cut to the 5 year aid funded program budget that pays for the NCA's International Corruption Unit (ICU) and other related work.¹⁰⁶ According to the latest annual UKACT review, "*because of the budget cut during 2020, this CRT [Civil Recovery Team] work is not going ahead, and the relevant log-frame targets [for obtaining UWOs] have been reduced to zero.*" This is at odds with government statements that it is adequately resourcing the use of UWOs.¹⁰⁷

Proceeds from the Asset Recovery Incentivisation Scheme (ARIS):

Alongside the 2019 Economic Crime Plan the government published its 'Asset Recovery Action Plan' outlining a range of strategies, approaches and partnerships to improve law enforcement agencies' ability to recover criminal assets through tools such as Confiscation Orders, Forfeiture Orders and Civil Recovery Orders.¹⁰⁸ In the plan the government has committed to delivering "year on year" increases to the amounts raised each year.

A major component of the plan is the Asset Recovery Incentivisation Scheme (ARIS). Launched in 2006, the scheme provides incentives for over 250 participating agencies¹⁰⁹ to pursue asset recovery as a tool while sharing in some of the gains.¹¹⁰ Since 2015, a total of £1.3 billion has been recovered from confiscation, forfeiture and civil recovery orders¹¹¹ and £347 million reinvested back into law enforcement agencies between 2015 and 2020 through the scheme.¹¹²

In 2016, the National Audit Office (NAO) found the ARIS scheme to be "*ineffective*" despite a 2015 government review that resulted in some modest reforms. It found that it continued to reward agencies solely on the basis of income from confiscation orders rather than wider measures such as disruption of crime.¹¹³ A July 2016 the Public Accounts Committee (PAC) report on Confiscation Orders was similarly highly critical, describing the scheme as "*opaque and ineffective*", and highlighted that several recommendations made by the Committee had gone unimplemented.¹¹⁴ Similarly a Home Affairs Committee report on Proceeds of Crime in the same month stated

¹⁰³ Fraud: Time to Choose. HMICFRS. <https://www.justiceinspectorates.gov.uk/hmicfrs/publication-html/a-review-of-fraud-time-to-choose/>

¹⁰⁴ A review of Fraud: Time to Choose. HMICFRS. <https://www.justiceinspectorates.gov.uk/hmicfrs/publication-html/a-review-of-fraud-time-to-choose/>

¹⁰⁵ For relevant analysis, refer to finding 2.

¹⁰⁶ See 'Annual Review of UK ACT 2021.' <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300597/documents>.

¹⁰⁷ See comments made by Damian Hinds MP (Minister of State (Home Office) (Security)). <https://www.theyworkforyou.com/debates/?id=2021-10-18d.547.1&s=speaker%3A24965#g551.1>

¹⁰⁸ Asset Recovery Action Plan. Home Office.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815900/20190709_Asset_Recovery_Action_Plan_FINAL_Clean.pdf

¹⁰⁹ The 250 figure is cited in remarks made by Ben Wallace MP, Minister of State (Home Office) (Security) Made in 2019.

<https://www.theyworkforyou.com/wrans/?id=2019-05-08.251923.h&p=11668>

¹¹⁰ Asset Recovery Incentivisation Scheme Review - February 2015. Home Office. http://data.parliament.uk/DepositedPapers/Files/DEP2015-0223/ARIS_Review_Report_unmarked.pdf

¹¹¹ This sum is the equivalent to the value of proceeds of crime recovered from Confiscation Orders, Forfeiture Orders and Civil Recovery Orders receipts from financial year 2015 to 2016 until financial year 2020 to 2021 in England and Wales, Northern Ireland. See Figure 1.

<https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>

¹¹² See section 8 of the Home Office spreadsheet "*asset-recovery-financial-years-2016-2021-tables.*" <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>

¹¹³ Confiscation orders: progress review. National Audit Office. <https://www.nao.org.uk/report/confiscation-orders-progress-review/>

¹¹⁴ Commons Select Committee. Confiscation orders: progress review. <https://publications.parliament.uk/pa/cm201617/cmselect/cmpublic/124/12402.htm>

that the government had failed to persuade it that the ARIS system “is fit for purpose.”¹¹⁵ The Law Commission’s current consultation on the UK’s confiscation regime, due to report by the end of 2022, has similarly outlined serious concerns and problems with the regime, including the real risks of perverse incentives that it creates, and highlighted the need for a review.¹¹⁶

The Home Office claims that funds are shared on a “broadly 50/50 basis”.¹¹⁷ However, the actual amount is always less when victim compensation, payments to receivers, a government “top slice,”¹¹⁸ or payment cap is taken into account.¹¹⁹ This top-slice approach was first trialled in 2015/16 and results in a portion of any confiscated monies being invested to fund national capabilities. The amount was first set at £7.5 million¹²⁰ between 2014/15 to 2020/21 but has now been increased to £13.9 million for 2021/22 onwards.¹²¹

Payments are also shared across a larger number of agencies to increase capabilities elsewhere to fund “core asset recovery teams, technology, and innovative projects”¹²² as well as creating regional Asset Confiscation Enforcement (ACE) Teams housed in the ROCUs.¹²³ The exact redistributive formula depends on the type of instrument. In the case of confiscation order receipts used in criminal cases, the investigation and prosecution each receive 18.75% of the funds recovered, while the enforcement agency receives 12.5%.¹²⁴

According to Home Office figures:

- Participating agencies are recovering a declining amount of assets per year and the total value of proceeds of crime recovered from Confiscation Orders, Forfeiture Orders and Civil Recovery Orders has fallen from £255 million in 2015-16 to £219 million in 2020-21.¹²⁵
- This overall decrease is not shared equally across every type of order and according to the Joint Asset Recovery Database (JARD), the value of funds recovered from confiscation orders has fallen nearly every year from £207 million in 2016/17 to £99 million in 2020/21 - a 52% drop.¹²⁶

¹¹⁵ Proceeds of crime. Home Affairs Select Committee https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/25/2505.htm#_idTextAnchor027

¹¹⁶ Confiscation under Part 2 of the Proceeds of Crime Act 2002. The Law Commission. <https://www.lawcom.gov.uk/project/confiscation-under-part-2-of-the-proceeds-of-crime-act-2002/>

¹¹⁷ Asset Recovery Statistical Bulletin 2014/15 – 2019/20. Home Office.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/923194/asset-recovery-financial-years-2015-to-2020-hosb2320.pdf

¹¹⁸ In 2014/15, the Government introduced a top-slice of funding which was reserved for projects that contributed towards improving the national asset recovery performance picture.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815900/20190709_Asset_Recovery_Action_Plan_FINAL_Clean.pdf In 2019/20 the top-slice was equivalent to £7.5m

https://www.whatdotheyknow.com/request/671344/response/1590977/attach/5/EXPLANATORY%20NOTE%20ON%20ARIS%202019%2020.pdf?cookie_pastesthrough=1

¹¹⁹ See explanatory note on ARIS.

https://www.whatdotheyknow.com/request/671344/response/1590977/attach/5/EXPLANATORY%20NOTE%20ON%20ARIS%202019%2020.pdf?cookie_pastesthrough=1

¹²⁰ Asset Recovery Incentivisation Scheme Review - February 2015. Home Office. http://data.parliament.uk/DepositedPapers/Files/DEP2015-0223/ARIS_Review_Report_unmarked.pdf Between these years the top-slice amount was £7.5 million and is taken from Asset Recovery Statistical Bulletin 2014/15 – 2019/20.

¹²¹ In a January 2020 response to the parliamentary question the Minister of State (Ministry of Justice and Home Office) Kit Malthouse confirmed that the top-slice has been increased to £13.9 million. <https://www.theyworkforyou.com/wrans/?id=2022-01-04.96901.h&s=proceeds+of+crime+act#g96901.r0>

¹²² Economic Crime Plan: Statement of Progress. HM Government.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

¹²³ Asset Recovery Plan. Home Office. July 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815900/20190709_Asset_Recovery_Action_Plan_FINAL_Clean.pdf

¹²⁴ See explanatory note on ARIS for information on how monies are returned to agencies.

https://www.whatdotheyknow.com/request/671344/response/1590977/attach/5/EXPLANATORY%20NOTE%20ON%20ARIS%202019%2020.pdf?cookie_pastesthrough=1

¹²⁵ See Reporting force and agency data - assets recovered: September 2021. Figures are for the total value of proceeds of crime recovered in receipts from Confiscation Orders, Forfeiture Orders and Civil Recovery Orders for the financial years 2015 to 2016 until 2020 to 2021, England and Wales, Northern Ireland and those with no recorded jurisdiction. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>

UK civil society groups have recommended disaggregating asset return data so that there can be annual reporting on assets returned that relate to corruption. See UNCAC coalition document “Advancing Asset Recovery.” <https://uncaccoalition.org/wp-content/uploads/UNCAC-Coalition-%E2%80%93-CoSP9-submission-%E2%80%93-Advancing-Asset-Recovery.pdf>

¹²⁶ See Figure 1. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>.

- However, for the same period, forfeiture orders have increased from £44 million in 2017/18 to £107 million in 2020/21 – a 143% rise – due to the inclusion of Account Freezing Orders and Listed Asset Orders introduced under the Criminal Finances Act 2017.¹²⁷

Despite the encouraging increase in forfeiture orders, the overall decline in assets recovered has direct consequences for the agencies which, as a result of having a smaller overall pot, are receiving less to fund future asset recovery work. Of considerable concern is that data on the allocation of ARIS funds is based on survey data,¹²⁸ suggesting there is a lack of centralised transparency and accountability surrounding the scheme. According to this data, the allocation of ARIS funds used by agencies to fund future asset recovery work has declined by 34%, from £72.9 million in financial year 2015 to 2016 to £48.3 million in the financial year 2019 to 2020.¹²⁹ Given that this data is based on a response rate of 34% of law enforcement agencies, there remain doubts over how rigorous and reliable it is in practice.

Economic Crime Levy:

In 2020's budget the government announced its plans to introduce an Economic Crime Levy (ECL) to fund initiatives aimed at tackling money laundering and fraud.¹³⁰ Under the levy, firms subjected to the Money Laundering Regulations (MLRs) would be required to pay an annual fee to comply with the new rules.

In July 2020 the government published its initial plans for the levy which envisaged collecting around £100 million per year that would be then invested into: the Suspicious Activity Reporting (SARs) Reform Programme, increasing staff at UK Financial Intelligence Units (UKFIUs), contributing toward the costs of the National Economic Crime Centre (NECC)/National Assessment Centre (NAC)/National Data Exploitation Centre (NDEC), increasing the number of financial investigators in all law enforcement agencies, Companies House reform and awareness raising campaigns.¹³¹

During the consultation, there was significant pushback from industry that the ECL should contribute towards the costs of combatting fraud, which it believes should come from general taxation.¹³² As a result, the ECL will only be used for initiatives to tackle money laundering and therefore won't be used to fund initiatives in the upcoming Fraud Action Plan being developed by the Home Office with support from the NECC and UK Finance.¹³³ In its final consultation response, in September 2021, the government confirmed that part of the funds raised by the ECL would be used to fund Companies House, with a further decision on how the rest of the Levy would be used postponed to a later date.¹³⁴ Currently it is not therefore entirely clear what the expected £100 million generated from the ECL will be used to fund aside from Companies House, and there is no guarantee that it will lead to increased investment in law enforcement.

Suspended Accounts:

Since at least February 2021 the government has been considering funding its response to fraud and victim compensation through collaborating with UK Finance (as a representative of the private sector) to receive monies

¹²⁷ Ibid.

¹²⁸ The government has confirmed that it does publish data on how much funding in total police forces received under the ARIS on a yearly basis. The last year in which such data is available is 2013/14. See: <https://www.theyworkforyou.com/wrans/?id=2022-01-04.96901.h&s=proceeds+of+crime+act#g96901.r0>

¹²⁹ Asset recovery statistical bulletin: financial years ending 2016 to 2021. Home Office.

<https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021#use-of-asset-recovery-incentivisation-scheme-aris-funds>

¹³⁰ Budget 2020. HM Treasury. <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

¹³¹ Economic crime levy: Funding new government action to tackle money laundering. HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902445/Levy_Consultation_Document_-_FINAL_.pdf

¹³² See para 1.20.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1019454/HMT_ECL_Consultation_Response_final__21.09.21_.pdf

¹³³ Economic crime levy: Funding new government action to tackle money laundering.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902445/Levy_Consultation_Document_-_FINAL_.pdf

¹³⁴ Economic Crime (Anti-Money Laundering) Levy Response to the consultation. HM Treasury.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1019454/HMT_ECL_Consultation_Response_final__21.09.21_.pdf

currently held in suspended accounts in UK banks¹³⁵ suspected of being linked to criminality estimated to be worth between £30 million and £50 million.¹³⁶

The proposal was first mooted by the Home Office in 2017,¹³⁷ and is still at the embryonic stage with the government set to “explore a series of pilots” by the end of 2021.¹³⁸ When the plans were first floated in 2017, however, they were criticised by lawyers as being “ill-suited.” Lawyers were concerned that using funds from suspended bank accounts could lead to “*deliberate circumvention of the safeguards provided by informed judicial scrutiny in the Crown and High Courts in the granting of restraint and freezing orders.*”¹³⁹ Without adequate safeguards, these proposals are likely to be contentious, and it is not clear that they will unlock sustained funding for law enforcement.

¹³⁵ Transparency data. Economic Crime Strategic Board 17 February 2021 agenda and minutes. HM Treasury/Home Office.

<https://www.gov.uk/government/publications/economic-crime-strategic-board-minutes-and-agenda-17-february-2021/economic-crime-strategic-board-17-february-2021-agenda-and-minutes>

¹³⁶ Criminal Finances Act – Forfeiture of bank accounts. Impact Assessment.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/621194/Impact_Assessment_-_Forfeiture_of_Bank_Accounts.pdf

¹³⁷ Ibid.






¹³⁸ Economic Crime Plan 2019-2022. Statement of Progress. HM Government.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/983251/Economic_Crime_Plan_Statement_of_Progress_May_2021.pdf

¹³⁹ Criminal Finances Bill – Forfeiture of Bank Accounts? BCL Solicitors LLP. <https://www.bcl.com/criminal-finance-bill-forfeiture-of-bank-accounts/>





3. Which agencies are involved in combatting economic crime?

National level agencies



	<p>The Serious Fraud Office (SFO) investigates money laundering and corporate misconduct in relation to serious or complex cases of fraud, bribery and corruption. Its Proceeds of Crime and International Assistance Division (POCIAD) uses powers under the Proceeds of Crime Act 2002 in pursuit of criminal funds through restraint, confiscation and civil recovery action.</p>
	<p>The National Crime Agency (NCA) pursues high-end and complex money laundering cases and is particularly focused on cases involving international connections. Within the NCA, the Civil Recovery and Tax team is responsible for enforcing unexplained Wealth Orders and other types of civil recoveries. Housed within the NCA but funded in large part through the UK's aid budget is the International Corruption Unit (ICU) which is responsible for investigating money laundering by foreign officials and foreign bribery, while the Bribery and Corruption Intelligence Unit (BCIU) gathers intelligence on cases of suspected bribery.</p>
	<p>Her Majesty's Revenue and Customs (HMRC) Fraud Investigation Service investigates money laundering and fraud in connection to tax offences and breaches of the money laundering regulations by certain businesses operating in the UK.¹⁴⁰ In addition, HMRC detects where incidences of bribery may appear on taxes filed in the UK.</p>
	<p>The Financial Conduct Authority (FCA) investigates money laundering in relation to company activity under its supervision as well as market manipulation, insider dealing and unauthorised business activity. The FCA has a dedicated Proceeds of Crime Team that is equipped with powers to launch money laundering investigations and civil recovery work, both domestically and internationally and can impose fines for firms failing to put in place adequate AML policies. Unlike the other agencies, the FCA is funded by contributions from the firms it supervises.</p>
	<p>The Crown Prosecution Service (CPS) prosecutes criminal cases following investigations by the police and other agencies such as the NCA and HMRC. Within the CPS, a Special Fraud Division handles complex economic crime cases including bribery and corruption, as well as the Proceeds of Crime Division (CPSPOC) which is responsible for asset recovery and confiscation.</p>

¹⁴⁰ HMRC is responsible under the Money Laundering Regulations 2017 for supervising estate agents; high value dealers; company and trust formation agents; money service businesses; accountancy service providers not regulated by other supervisors among others. See 'Who needs to register for money laundering supervision.' <https://www.gov.uk/guidance/money-laundering-regulations-who-needs-to-register>

Intelligence and coordination

	<p>The National Economic Crime Centre (NECC) is in charge of prioritising, tasking and coordinating activity across the UK's law enforcement landscape in response to economic crime threats. The NECC has a priority remit to improve asset recovery performance through asset denial tools in both the civil regime and through the Criminal Finances Act to disrupt criminal groups.</p>
	<p>The UK's Financial Intelligence Unit (FIU) is an operationally independent unit that receives financial intelligence gathered from suspicious activity reports (SARs) and disseminates them to officers in law enforcement agencies.</p>
 <p>Tackling financial crime together</p>	<p>Joint Money Laundering Intelligence Task Force (JMLIT) which provides a forum for the public and private sector to exchange and analyse information relating to money laundering and wider economic threats.</p>
	<p>The International Anti-Corruption Coordination Centre (IACCC) is comprised of specialist law enforcement officers from the UK abroad to tackle allegations of grand corruption.</p>

Regional level

	<p>At a regional level, nine Regional Organised Crime Units (ROCU) operate across England and Wales to investigate serious and organised crime. ROCUs provide a range of specialist capabilities to police forces including covert operations, surveillance, undercover policing, and assisting with regional asset recovery teams. ROCUs are usually involved in cases that do not meet the criteria for investigation by national agencies. During the process of collecting data for this report four ROCUs did not respond to FOI requests before the publication of the report, while South West ROCU refused to disclose any data through FOI requests. This lack of transparency regarding the budgets, activities and enforcement outcomes of the ROCUs means that this report presents limited empirical data on their activities.</p>
	<p>The City of London Police is recognised as the national policing lead for fraud and hosts a specialist Economic Crime department that investigates bribery, fraud and other economic crimes within London, as well as an Overseas Anti-Corruption Unit that investigates allegations with an international dimension but for which there could be a prosecution in the UK.</p>



**METROPOLITAN
POLICE**

The Metropolitan Police Economic Crime Command investigates a range of economic crimes including fraud, money laundering and corruption.

4. How are the UK's national level enforcement agencies performing?

Despite the enormity of the threat and its corresponding cost for society and the public, there have been concerns for some time that the UK's record on tackling economic crime, and particularly its track record on enforcement, is poor. In 2018, the Financial Action Task Force (FATF) found that it was not clear "*whether the level of prosecutions and convictions for high-end [money-laundering] is fully consistent with the UK's threats, risk profile and national [anti-money laundering] policies.*" Against this backdrop our report has identified a worrying picture with regard to agency enforcement performance:

- There has only ever been one corporate prosecution for money laundering under the 2007 Money Laundering Regulations (MLRs) after NatWest bank pled guilty to AML failures¹⁴¹ resulting in it paying a £264.8 million fine.¹⁴²
- Individual prosecutions under the 2007 MLRs have dropped from 27 in 2017 to 2 in 2020, while prosecutions under the 2017 MLRs remain in the single figures, increasing from 2 in 2018 to just 7 in 2020.¹⁴³

Criminal and regulatory investigations under these Regulations at key anti-money laundering regulators, such as HMRC and the Financial Conduct Authority (FCA), have also dropped substantially:

- The FCA has only twice in the last 5 years levied more than one fine in a year for breaches of AML rules.
- FCA criminal investigations into firms for money laundering breaches fell from 14 in 2017 to 3 in 2020.¹⁴⁴
- The FCA is yet to undertake any enforcement action relating to AML breaches of the Senior Managers Certification Regime.¹⁴⁵
- HMRC criminal and civil investigations halved from 57 in 2017/2018 to 22 in 2020/21 while convictions for money laundering offences (including regulatory offences) decreased from 35 in 2016/17 to 31 in 2019/2020.¹⁴⁶

Other major economic crime enforcement agencies continue to record disappointing performance with regard to the number of prosecutions brought forward and convictions obtained:

- The NCA has secured fewer than five convictions per year for economic crime offences forwarded to the Crown Prosecution Service over the past five years.¹⁴⁷ Due to a lack of accurate data it is not possible to estimate the conviction rate but it is likely to be below 50%.¹⁴⁸ A significant uptick in referrals to the CPS in 2020 however may lead to more promising results.
- The number of individuals being convicted by the SFO every year is on a noticeable downward trajectory from 13 in 2016/17 to 8 in 2019/20, even prior to the effects of COVID-19 pandemic taking hold, reaching 4 in 2020/21 and is also reflected in the decline in the overall conviction rate from 86.7% in 2016/17 to 67% in 2020/21.¹⁴⁹

¹⁴¹ NatWest Plc pleads guilty in criminal proceedings. The FCA. <https://www.fca.org.uk/news/press-releases/natwest-plc-pleads-guilty-criminal-proceedings>

¹⁴² NatWest fined £264.8 million for anti-money laundering failures. FCA. <https://www.fca.org.uk/news/press-releases/natwest-fined-264.8million-anti-money-laundering-failures>

¹⁴³ Criminal justice system statistics quarterly: December 2020 <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2020>. Figures taken from all offence prosecutions and convictions by Home Office offence code.

¹⁴⁴ FOI request published by the FCA. <https://www.fca.org.uk/publication/foi/foi7640-response.pdf> This statistic includes: investigations into criminal breaches of the Money Laundering Regulations 2007 (MLR 2007), investigations into criminal breaches of the Money Laundering Regulations 2017 (MLR 2017), and investigations into criminal breaches of both MLR 2007 and MLR 2017.

¹⁴⁵ This was confirmed by the FCA in written correspondence received on 13/10/21.

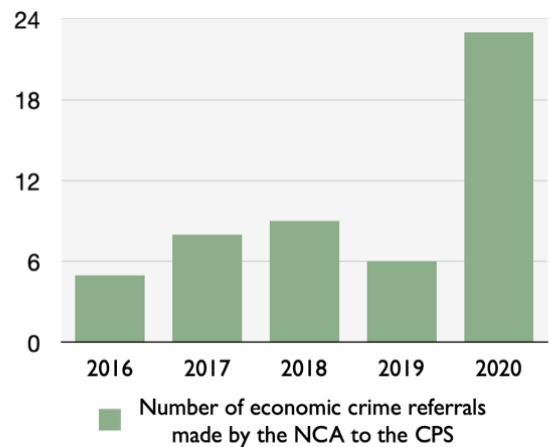
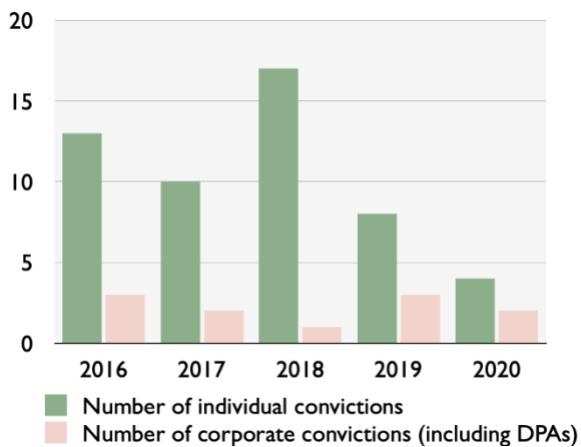
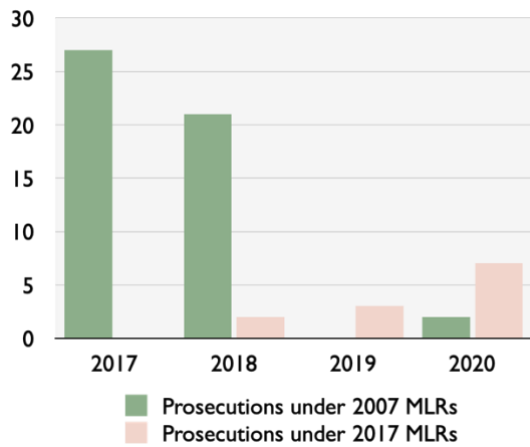
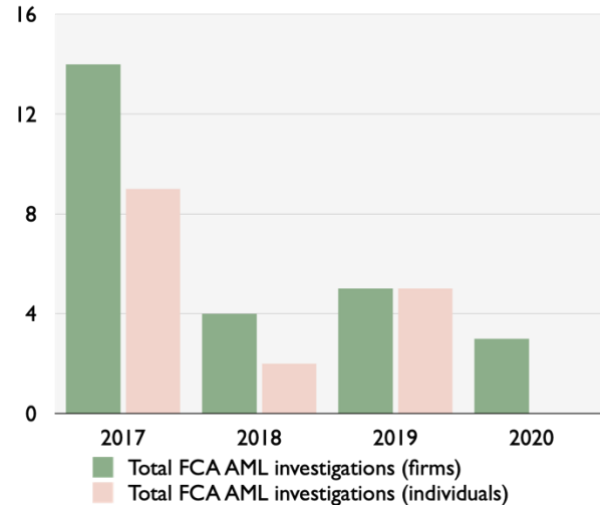
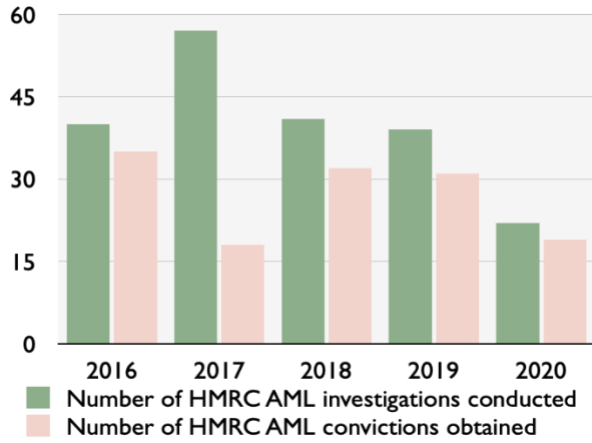
¹⁴⁶ Data from FOI received 1/10 and 18/10. The conviction figures are the result of criminal prosecution cases resulting in guilty verdicts in court. The cases include all criminal offence types including tax evasion.

¹⁴⁷ Data on the number of prosecutions secured by the NCA for economic crime offences was obtained through FOI requests to the Crown Prosecution Service. In its response, the actual figures were categorised as being "*less than 5*" or "*more than 5*." The CPS' FOI response claims that this is done to anonymise the data to protect the identities of the convicted in line with its FOI obligations.

¹⁴⁸ This data was supplied in the FOI as "<5." According to the FOI release, this was done to protect personal identification.

¹⁴⁹ Refer to SFO data in section 7.

- During the same period, the SFO has obtained 11 successful convictions including Deferred Prosecution Agreement (DPAs) against corporates.¹⁵⁰



¹⁵⁰ Ibid.

5. What do frontline agencies want to combat economic crime?

In recent years leaders of the UK's economic crime agencies have been clear in public on the discrepancy between how much funding the agencies receive from the government, and what they need in practice to combat economic crime effectively.

- In January 2021 Graeme Biggar, Director-General at the National Economic Crime Centre, spoke bluntly about the need for more resources, somewhere “*in the low hundreds of millions*” before stating “*we could do a lot more with more money.*”¹⁵¹ Biggar stated that the NECC had requested £80 million from the government “*for more investigative capability in the NCA and City, more intelligence capability here [in the NECC], and then stronger regional teams.*”
- SFO boss Lisa Osofsky has suggested that a “*system-wide*” investment is needed into technological infrastructure across the law enforcement landscape.¹⁵²
- The City of London Police was initially set to ask for £60 million from the latest spending review to develop its fraud prevention, asset denial capability and recruit 400 additional officers.¹⁵³
- In 2019 NCA boss Lynne Owens called for a £2.7 billion increase in funding for national and local agencies to tackle serious and organised crime and to improve the system's capabilities across digital forensics, covert surveillance, and financial investigations to match the increasing technological sophistication of serious and organised crime groups operating in the UK.¹⁵⁴ With regard to the NCA, Owens requested that the agency's budget be increased from £650 million per year to £1 billion, a 54% increase.¹⁵⁵
- Sir Craig Mackey, in his 2021 Independent Review of Serious and Organised Crime, recommended the government commit to sustained investment over the next 5-10 years, which would require agreed multi-year budgets to invest in the structures, skills, capabilities and technologies across the system.¹⁵⁶
- The National Police Chief's Council has highlighted in the National Policing Fraud Strategy 2019-2022¹⁵⁷ that “*additional investment is essential to achieve transformational change*” and should be directed toward specialist fraud investigation capabilities, especially in recruiting officers trained to use digital and financial investigation techniques.

Beyond these public statements it is difficult to ascertain what the agencies have requested from the government. Spotlight on Corruption has submitted several freedom of information requests to obtain agencies' submissions to the government spending review, all of which were rejected by the Home Office.

¹⁵¹ Oral evidence given to the Treasury Committee on Economic Crime. <https://committees.parliament.uk/oralevidence/1571/html/>

¹⁵² Future Challenges in Economic Crime: A View from the SFO. <https://www.sfo.gov.uk/2020/10/09/future-challenges-in-economic-crime-a-view-from-the-sfo/>

¹⁵³ Fraud: A review of the national 'lead force' responsibilities of the City of London Police and the effectiveness of investigations in the UK.

<https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report.pdf>

¹⁵⁴ NSA 2019: Speech by DG Lynne Owens. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/297-national-strategic-assessment-director-general-lynne-owens-speech/file>

¹⁵⁵ Ibid.

¹⁵⁶ Independent Review of Serious and Organised Crime. Home Office. <https://www.gov.uk/government/publications/independent-review-of-serious-and-organised-crime/independent-review-of-serious-and-organised-crime-accessible-version>

¹⁵⁷ National Fraud Policing Strategy 2019-2022. <https://www.cityoflondon.police.uk/SysSiteAssets/media/downloads/city-of-london/about-us/national-policing-fraud-strategy-2019.pdf>

6. Recruitment and retention: staffing the UK's response to economic crime

Agency bosses have flagged that budgets need to be increased in order to attract and hold onto high-calibre staff.¹⁵⁸ One area of particular concern is the amount of specialist financial crime investigators with accreditation from the NCA Proceeds of Crime Centre that are needed to work across law enforcement. The government recognises that “*work of financial investigators is critical to the effective recovery and denial of criminal assets*,”¹⁵⁹ but at the same time is spending less on the Centre ever year. In 2017/2018 the Proceeds of Crime Centre’s annual budget was £982,000 which has now dropped to £937,000 in 2020/21.¹⁶⁰ During the same period, the amount of accreditations given out to investigators by the centre has been decreasing from 241 in 2018/19 to 151 in 2019/20, with an equivalent drop in the number of “confiscator” accreditations being given to experienced financial investigators, falling from 143 in 2017/18 to 83 in 2019/20.¹⁶¹

In 2016, the Committee of Public Accounts issued a report on confiscation orders highlighting that “*financial investigators are key to successful enforcement*.” It recommended a review be undertaken to ensure sufficient numbers of investigators are recruited and retained, after finding that the number of financial investigators had fallen 6% between 2013 and 2015.¹⁶² Similarly in 2016, the Home Affairs Committee issued a report on the proceeds of crime that noted serious issues with retention of specialist financial investigators.¹⁶³ The report observed that a cross-Whitehall working group had been established to look at this issue and recommended that this working group publish their findings “*with a clear timetable for action and targets for progress on recruitment and retention*.”¹⁶⁴

It is not clear however that such a report or timetable was ever published. A Home Office research report in 2018 on the role of the financial investigator made no mention of recruitment and retention.¹⁶⁵ Amid ongoing concerns about recruitment and retention, under its 2019 Asset Recovery strategy the Home Office committed to use ARIS funding to initiate an independent review into the training offered by the NCA’s Proceeds of Crime Centre, to ensure it attracts high-calibre candidates to work in financial investigation in the public sector.¹⁶⁶ The Proceeds of Crime Centre is the statutory national body responsible for accrediting, training, and monitoring specialist financial investigators across law enforcement. However this report has never been published and a request by Spotlight on Corruption under the Freedom of Information Act for the report was rejected on the grounds that the Centre is based within the NCA and thus relates to a security body.

The issue of recruitment and retention is not limited to financial investigation, however. The National Crime Agency, which leads the UK law enforcement response on economic crime and is meant to be the UK’s elite crime fighting force, also has serious issues across the board. In 2021 the independent National Crime Agency Remuneration Review Body expressed serious concerns about the ability of the NCA to attract and retain staff,¹⁶⁷ a subject which is particularly sensitive at the NCA, which in 2019 saw a staff attrition rate of 9%.¹⁶⁸ It

¹⁵⁸ Economic Crime - Anti-money laundering supervision and sanctions implementations. HM Government.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/2010/201006.htm>

¹⁵⁹ Paras 40-42. Asset Recovery Plan. Home Office. July 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815900/20190709_Asset_Recovery_Action_Plan_FINAL_Clean.pdf

¹⁶⁰ Data taken from parliamentary question tabled by MP Kevin Holinrake on 25/10/21. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62781>

¹⁶¹ Ibid.

¹⁶² House of Commons Committee of Public Accounts Confiscation orders: progress review.

<https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/124/124.pdf>

¹⁶³ Proceeds of crime: Government response to the Committee's Fifth Report of Session 2016–17

https://publications.parliament.uk/pa/cm201617/cmselect/cmhaff/805/80504.htm#_idTextAnchor003

¹⁶⁴ Ibid.

¹⁶⁵ Exploring the Role of the Financial Investigator Report. Home Office.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/753212/exploring-the-role-of-the-financial-investigator-report-horr104.pdf

¹⁶⁶ Asset Recovery Action Plan. Home Office.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815900/20190709_Asset_Recovery_Action_Plan_FINAL_Clean.pdf

¹⁶⁷ National Crime Agency Remuneration Review Body. National Crime Agency Remuneration Review Body.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004935/NCARRB_2021_report_-_web_accessible.pdf

¹⁶⁸ Ibid. See para 2.63.

noted that the Agency has difficulties filling vacancies particularly for specialist roles, and that the vast majority of NCA staff do not receive any pay progression, undermining efforts to recruit and retain staff. It also raised concerns as to why the NCA pays its officers 90% of what police officers get, describing this as “*unambitious and at odds with the NCA’s mission... operating at the high end of high risk.*”

Without significantly greater ambition on the part of government to ensure that law enforcement is able to recruit and retain specialist expertise, including financial investigation, for the fight against economic crime, this problem is not going to go away.

Annex: Agency level analysis¹⁶⁹

1. The Serious Fraud Office

- Between 2015/16 and 2020/21 the government funded £304.4 million as the SFO's core budget. During that period, the agency obtained £1.57 billion through convictions and DPAs, £50.2 million from confiscation orders and £10 million from civil recovery orders, meaning that for every £1 invested into the SFO, the agency reclaimed over £5 from criminals and rogue companies for the treasury.
- In real terms, the SFO's budget has been increased by an average of 1.1% per year when adjusted for inflation between 2016/17 and 2020/21.
- If just a quarter of the £1.63 billion recovered by the SFO were re-invested into the agency over the next five years, it would receive an additional £81.5 million per year, more than doubling its current budget of £66.9 million. At current spending levels, this would be enough to employ an additional 289 officials in the casework division.
- Despite the increased investment in the division, the number of financial investigators, case progression officers, lawyers and case controllers has grown by just 11 officials in 5 years from 228 to 239, meaning the SFO's caseload continues to be shared across a relatively unchanged number of staff.
- The number of individuals being convicted every year is on a noticeable downward trajectory from 13 in 2016/17 to 8 in 2019/20, even prior to the effects of the COVID-19 pandemic taking hold, reaching 4 in 2020/21, and is also reflected in the decline in the overall conviction rate from 86.7% in 2016/17 to 67% in 2020/21.

Serious Fraud Office (SFO)	2016-17	2017-18	2018-19	2019-20	2020-21
Total Budget: ¹⁷⁰	£53.6m	£58.6m	£59.7m	£65.56m	£66.9m
Headcount total:	510	514	529	528	617
Headcount full time:	369	375	398	421	455
Number of qualified accountants	n/a	n/a	n/a	n/a	30 ¹⁷¹
Headcount investigations/ casework divisions: ¹⁷²	228	223	236	238	239
Budget investigations casework divisions: ¹⁷³	£15.8m	£14.8m	£30.7m	£32.5m	£33.6m

Activities	2016-17	2017-18	2018-19	2019-20	2020-21
Number of new cases opened:	12	7	11	5	8
Number of active investigations/"caseload":	70	75	70	65	60 ¹⁷⁴
Number of individuals charged:	25	24	8	6	16
Number of defendants awaiting trial:	33	46	16	8	19
Number of investigations concluded without charge:	3	3	14	5	12

¹⁶⁹ This report was informed by a wide range of sources, including law enforcement agency annual reports, government policy documents and statements, and media sources. In addition, we submitted dozens of Freedom of Information requests to agencies, government departments and police forces to gather data on budgets, staff numbers and composition, routine activities and performance data including on fines issued, monies recovered and prosecution data.

¹⁷⁰ Available in annual reports. Figures used here are based on Resource DEL which is a net limit comprising day-to-day running costs, less retained income from cost awards. The SFO's funding arrangements were modified in 2018 to ringfence "blockbuster" funding for especially complex cases.
<https://www.sfo.gov.uk/2018/04/19/changes-to-sfo-funding-arrangements/>

¹⁷¹ Figure disclosed in email correspondence with the SFO.

¹⁷² From FOI Case Ref: FOI2021-116.

¹⁷³ Ibid.

¹⁷⁴ This figure does not appear in the SFO annual report 2020/21 and was disclosed by the SFO in email correspondence.

Number of high-end money laundering investigations launched:	5 ¹⁷⁵	8 ¹⁷⁶	n/a ¹⁷⁷		
Number of high-end money laundering investigations concluded without charges being brought:	n/a ¹⁷⁸				

Enforcement outcomes	2016-17	2017-18	2018-19	2019-20	2020-21
Number of convictions (individuals):	13	10	17	8	4
Conviction rate per individual charged:	86.7%	76.9%	53%	62%	67%
Number of DPAs:	2	1	0	3	2
Value of DPAs:	£544.7m	£129m	0	£851.2m	£44.4m
SFO receipts: ¹⁷⁹	£518.3m	£136.1m	£2.2m	£856m	£45.3m
Number of corporates charged:	0	4	0	3	0 ¹⁸⁰
Successful corporate prosecutions including DPAs: ¹⁸¹	3	2	1	3	2
Successful corporate prosecutions excluding DPAs:	1	1	1	0	0
The number of high-end money laundering investigations resulting in a prosecution: ¹⁸²	0	2	0	0	0

1b SFO Proceeds of Crime and International Assistance Division

- In the last five years the SFO's Proceeds of Crime and International Assistance Division (POCIAD) has obtained £50.2m in confiscation orders and £10m in civil recovery orders, meaning that the unit has recovered over 4 times its £14.2m budget for the corresponding period for the treasury.
- Despite this success, the value of confiscation orders obtained by the unit has declined in recent years. In 2016/17 the POCIAD obtained 12 confiscation orders worth £25.3m. In the following years the division has issued a similar number of orders but for much lower sums, fluctuating from £4.1m prior to the pandemic in 2018/19, £13m in 2019/20 and £7.4m in 2020/21.
- This is likely to be explained by capacity issues and restrictions on the unit stemming from the static headcount, increasing by just 4 between 2016/17 and 2020/21 (from 34-38). In real terms, the unit's budget has increased by 6% during the five year period.
- The number of financial investigators and accredited 'confiscators' in the unit meanwhile has decreased in the last 5 years from 15 in 2016-17 to 11 in 2020-21.

POCIAD	2016-17	2017-18	2018-19	2019-20	2020-21
Staff: ¹⁸³	34	39	36	37	38
Budget: ¹⁸⁴	£2.5m	£3.1m	£2.8m	£2.8m	£3m
Number of financial investigators and accredited 'confiscators': ¹⁸⁵	15	19	18	11	11

¹⁷⁵ Data from FATF UK mutual evaluation 2018 report. <https://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-kingdom-2018.html>

¹⁷⁶ Ibid.

¹⁷⁷ FOI rejected on 11/10.

¹⁷⁸ FOI Rejected on 11/10.

¹⁷⁹ Total monies obtained by the SFO during the year.

¹⁸⁰ See parliamentary question tabled by Kevil Hollinrake on 10/09/21. <https://www.theyworkforyou.com/wrans/?id=2021-07-22.38329.h&s=speaker%3A25415#g38329.q0>

¹⁸¹ From FOI received 15/10. The SFO notes in its response to the FOI that "a prosecution begins when an organisation is charged, and these figures include those prosecutions that were deferred as a result of a deferred prosecution agreement (DPA). The prosecutorial outcomes outlined in the table above include guilty pleas, convictions after a trial and DPAs."

¹⁸² Data from FOI received on 11/10.

¹⁸³ Data from FOI Case Ref: FOI2021-116

¹⁸⁴ Data from Case Ref: FOI2021-116

¹⁸⁵ Data from FOI Case Ref: FOI2021-125.

Number of lawyers:	n/a	n/a	n/a	10	15 ¹⁸⁶
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POCIAD record ¹⁸⁷	2016-17	2017-18	2018-19	2019-20	2020-21
Number of confiscation orders obtained:	12	2	11	11	8
Value of confiscation orders obtained:	£25.3m	£419k	£4.1m	£13m	£7.4m
Number of civil recovery orders:	0	1	1	0	1
Value of civil recovery orders:	0	£4.4m	£4.4m	0	£1.2m

2 National Crime Agency

- In real terms, the NCA's budget has been cut by 4.2% between 2016 and 2021 while the number of full time staff has increased by 10.2% from 4,516 in 2016/17 to 4,921 in 2020/21. The proportion of full time staff compared to agency, contractors and seconded officers has decreased from 90% in 2016/17 to 86.6%.
- Funding for the NCA's asset recovery work through ARIS receipts has been decreasing every year. In the 5 year period, the NCA has received a total of £28.5 million in ARIS receipts. This amount is declining steadily each year and decreased by 34% from £6.6 million 2016-17 to £4.3 million 2020-21.
- Since 2017/18 the percentage of its total budget the NCA invests into its investigation division has decreased from 22% to 20.4%, representing a small real terms cut to its operational resourcing.
- The Home Office and the NCA rejected our freedom of information requests and institutional approaches for more information on several aspects of the NCA's work including on its activities with regard to combatting economic crime and money laundering, including on the number of investigations opened and convictions it has secured. Without this data it is difficult to assess its performance.
- Over the five year period, the NCA secured fewer than 5 convictions per year for economic crime cases referred to the CPS for prosecution. Due to a lack of accurate data it is not possible to estimate the conviction rate but it is likely to be below 50%.¹⁸⁸
- In addition, the NCA claims that figures on the number of financial investigators working at the agency over the last five years are not held¹⁸⁹ despite this information appearing in FATF reports in 2018. This makes it very difficult to understand how well the NCA's investigations division is being resourced. The government has accepted this year that the high level of vacancies at the NCA's Digital Data and Technology command is a result of the attractiveness of salaries in banking, insurance and IT.¹⁹⁰
- Over the five year period, the NCA referred 105 cases to the CPS Specialist Fraud Division, with a substantial improvement coming in 2020/21, even during the COVID-pandemic.

NCA	2016-17	2017-18	2018-19	2019-20	2020-21
Total Budget: ¹⁹¹	£464.1m	£509.39	£467.2m	£485m	£498m
ARIS receipts:	£6.6m	£6.4m	£4.9m	£6.3m	£4.3m
Total Headcount: ¹⁹²	4,978	4,471	4,379	4,906	5,687
Permanently employed:	4,516	4,291	4,160	4,921	4,921
Investigations division gross expenditure:	n/a. ¹⁹³	£103.5m	£69.5m	£96m	£103.2m

¹⁸⁶ Figure disclosed by the Serious Fraud Office in email correspondence.

¹⁸⁷ Figures taken from SFO annual reports.

¹⁸⁸ This data was supplied in the FOI as "<5." According to the FOI release, this was done to protect personal identification.

¹⁸⁹ See response from the Minister of State for Security and Borders

Damian Hinds MP to parliamentary question tabled by Kevin Hollinrake MP. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62780>

¹⁹⁰ National Crime Agency Remuneration Review Body Seventh Report 2021.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004935/NCARRB_2021_report_-_web_accessible.pdf

¹⁹¹ Figures used here are based on Resource DEL which is a net limit comprising day-to-day running costs, less retained income from cost awards.

¹⁹² Includes directly employed staff, seconded officers, loaned in staff, commercial contractors & agency staff.

¹⁹³ Data is not included in 2016/2017 annual report.

% of NCA budget spent on investigation division:	n/a	22%	14.7%	19.6%	20.4%
Financial investigators and accredited 'confiscators':	n/a	n/a	62 ¹⁹⁴	n/a	174 ¹⁹⁵

Activities	2016-17	2017-18	2018-19	2019-20	2020-21
Money laundering Investigations opened:	8 ¹⁹⁶	20 ¹⁹⁷	n/a	n/a	n/a
Money laundering Disruptions:	n/a	n/a	n/a	n/a	4

Enforcement outcomes:	2016-17	2017-18	2018-19	2019-20	2020-21
Number of economic crime cases the NCA has referred to the CPS: ¹⁹⁸	5	8	9	6	23
Of which resulted in a successful conclusion: ¹⁹⁹	0	<5	<5	<5	<5
Approximate conviction rate:	0%	<62.5%	<55.5%	<83%	<21%
Number of cases the NCA has sent to CPS Specialist Fraud Division for pre-charge decision: ²⁰⁰	11	26	20	6	42
Number of cases the NCA has referred to the CPS and CPS Specialist Fraud Division for charging decisions under the Money Laundering Regulations: ²⁰¹	n/a	n/a	4	2	4
Number of cases where charging decisions have been reached by the CPS: ²⁰²	0	2	26	42	34
Serious Crime Prevention Orders secured:	17	n/a	n/a	n/a	n/a

2b NCA Civil Recovery and Tax Team (CRT)

- During the five year period, the NCA Civil Recovery and Tax (CRT) Team obtained £30.4 million in confiscation orders, £38.8 million in forfeiture orders and £39 million in civil recovery orders, meaning it reclaimed a total of £108.2 million.
- The value of confiscation orders receipts has been decreasing constantly since 2016/17, dropping from £11.9 million to £4.6 million in 2019/20, and to £1.9 million in 2020/21.
- At the same, the value of forfeiture receipts has been increasing since 2016/17, when £4.3 million was recovered, to £8.4 million 2019/20 and £13.6 million in 2020/21.
- There is no information on the budget or headcount of the NCA's CRT in the public domain, meaning that it is not possible to assess this level of performance against its resourcing.
- Since being given power to impose UWOs, the unit has obtained orders in 4 instances with all orders coming in the last two years.²⁰³ According to the Home Office, the UWOs had an estimated value of £143 million.²⁰⁴ Since then, however, UWOs have been left unused²⁰⁵ after the High Court overturned an UWO obtained by the NCA in May 2019.²⁰⁶

¹⁹⁴Data from FATF UK mutual evaluation 2018 report. <https://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-united-kingdom-2018.html>

¹⁹⁵ Data taken from parliamentary question tabled by Kevin Hollinrake MP. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62780>

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

¹⁹⁸ Data obtained through FOI. Response received 04/11. Ref: 10114.

¹⁹⁹ Ibid.

²⁰⁰Data taken from parliamentary question tabled by Margaret Hodge 15/10. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-15/56493>.

²⁰¹ Data taken from parliamentary question tabled by Kevill Hollinrake MP on 25/10/21. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62777>

²⁰² Ibid.

²⁰³ Unexplained Wealth Orders. UK Parliament. <https://commonslibrary.parliament.uk/research-briefings/cbp-9098/>

²⁰⁴ Asset Recovery Statistical Bulletin 2014/15 – 2019/20. Home Office.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/923194/asset-recovery-financial-years-2015-to-2020-hosb2320.pdf

²⁰⁵ Official Statistics Asset recovery statistical bulletin: financial years ending 2016 to 2021. Home Office. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>

²⁰⁶ Corrupt oligarchs escape as McMafia law left unused for two years. Evening Standard. <https://www.standard.co.uk/news/corrupt-oligarchs-escape-as-mcmafia-law-left-unused-for-two-years-b957364.html>

- Part of the CRT’s budget is funded through the UK’s aid budget and the UK Action Against Corruption Programme (UKACT). Previously agreed plans for expansion to the CRT’s funding were shelved when the government announced cuts to the UK’s aid budget in March 2021. According to the UKACT 2021 annual review, these cuts have “had a particular impact on the CRT which works on UWOs and AFOs.”²⁰⁷ This means the target for the NCA to reclaim assets back from politically exposed persons through UWOs on the back of investigations by the ICU is now zero.

NCA CRT	2016-17	2017-18	2018-19	2019-20	2020-21
Budget:	n/a	n/a	n/a	n/a	n/a
Headcount:	n/a	n/a	n/a	n/a	n/a

NCA CRT asset recovery	2016-17	2017-18	2018-19	2019-20	2020-21
Value of proceeds of crime recovered in receipts from Confiscation Orders: ²⁰⁸	£11.9m	£6.9m	£5.1m	£4.6m	£1.9m
Value of proceeds of crime recovered in receipts from Forfeitures:	£4.3m	£4.7m	£7.8m	£8.4m	£13.6m
Civil Recovery orders receipts:	N/a ²⁰⁹	£9m	£8m	£9m	£13m
Total annual value of confiscation, forfeitures, and civil recovery:	£16.2m	£20.6m	£20.9m	£22m	£28.5

NCA CRT referrals	2016-17	2017-18	2018-19	2019-20	2020-21
Number of requests supported relating to foreign bribery investigations:	n/a	n/a	n/a	18	n/a

2c NCA International Corruption Unit

- Between 2015 and 2020, the government invested £39 million into the UK Action to support Developing Countries Fighting Corruption Programme (UKACT) involving the NCA ICU, CPS and the City of London Police which has resulted in £407.3 million of criminal assets being confiscated or returned.²¹⁰ This means that for every £1 invested into the unit, the ICU denied £10.4 to criminals in the UK and developing countries.²¹¹
- As a result of ICU’s work, £199 million worth of assets have been returned to developing countries.
- Due to the cuts in the UK’s aid budget announced at the Budget in March 2021, plans to expand the ICU’s resourcing by 14.8% have been shelved, meaning that proposals to incorporate five new investigative officers and a digital forensics officer will no longer go ahead.²¹² As a result, the unit’s targets for pursuing the assets of politically exposed persons (PEPs) with UWOs have been reduced to zero.
- At the same time, over previous years the unit had been “diversifying its portfolio....away from criminal prosecutions, taking advantage of newly available civil recovery tools, such as UWOs and AFOs.”²¹³
- Over the course of the programme, enforcement actions have been taken against 34 individuals in the UK and abroad as a result of ICU work – whether through ICU assistance, or where the ICU took action on a case related to corruption. In the first two years of the programme the unit did not secure any convictions after referring cases to the CPS. For the final three years, the unit secured somewhere between 1 to 5 each year, although the exact figure was not disclosed by the CPS.

NCA ICU	2016-17	2017-18	2018-19	2019-20
Funding from UK ACT:	£39.1 million ²¹⁴			

²⁰⁷ Annual Review of UK ACT 2021. <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300597/documents>.

²⁰⁸ See Home Office statistics. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021> Reporting force and agency data - assets recovered: September 2021.

²⁰⁹ Data for Civil Recovery Order receipts was not provided prior to the financial year 2016 to 2017 due to the lack of data being available on the NCA’s administrative database. For other years see: <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021>.

²¹⁰ Figure taken from UK Action Against Corruption (UK ACT) - Project Completion Review. <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>

²¹¹ Categorized as DFID priority countries and other ODA-eligible countries.

²¹² See Annual review 300597 (Published - March, 2021). <https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300597/documents>.

²¹³ See page p6. Project completion review. <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>.

²¹⁴ See Project completion review. <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>.

Headcount:	n/a			
Digital forensics capacity	3x G4 Digital Forensics Officer, 2 X G5 Junior Digital Forensics Officer.			
Number of investigators:	n/a	n/a	n/a	n/a
ICU staff annual attrition rate:	n/a	13.6%	22.8%	11.82 %
Salary level for digital forensics officer	£40k per annum.			
Salary level for investigative officers	£60k per annum.			
Salary level for full time lawyer	£100-105k per annum.			

NCA ICU Activities	2016-20
Cumulative number of cases under investigation: ²¹⁵	59
Cumulative number of referrals to UK and overseas enforcement authorities:	75
Cumulative number of referrals to other UK or overseas agencies by the CPS for criminal confiscation or referrals for civil recovery relating to LIC, LMIC or UMIC jurisdictions	61
Number of cases the CPS has still outstanding for charging a decision from the City of London's Overseas Anti-Corruption Unit?	Less than 5 ²¹⁶

NCA ICU Prosecutions	2016-17	2017-18	2018-19	2019-20	2020-21
Number of ICU referrals to the CPS: ²¹⁷	<5	5	9	5	7
Number of referrals to the CPS resulting in a successful outcome: ²¹⁸	0	0	<5	<5	<5

NCA ICU Cumulative Prosecution Outcomes	2016-20
Cumulative Number of law enforcement outcomes (convictions of individuals and corporations): ²¹⁹	34
Cumulative number of law enforcement outcomes relating to bribery (convictions of individuals and corporations, and DPAs) resulting from ICU and OACU investigations:	29
Law enforcement outcomes relating to bribery (convictions of individuals and corporations, and DPAs) resulting from referrals by ICU and OACU to other UK or overseas authorities:	7

NCA ICU Asset recovery work	2016-20
Cumulative number of instances of criminal confiscation, civil recovery or cash forfeiture relating to LIC, LMIC or UMIC jurisdictions:	22
Cumulative total of assets restrained, recovered and returned up to March 2020.	£1.073b ²²⁰
Of which;	

²¹⁵ In progress or concluded over duration of programme, and instances where investigations have been widened as a result of ICU activities.

²¹⁶ Data taken from CPS FOI response received 10/11/21. Ref: 10133.

²¹⁷ Data taken from CPS FOI response received 05/11/21. Ref: 10115.

²¹⁸ Ibid.

²¹⁹ According to the way the NCA ICU records its data, this figures include "those related to prosecutions by other UK enforcement authorities, such as the Financial Conduct Authority; prosecutions by overseas jurisdictions; prosecutions for separate but related crimes; instances where the scope of other investigations is widened as a result of ICU activities." See Project completion review. <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>

²²⁰ See Project completion review 201021 (Published - September, 2020). <https://devtracker.fcdo.gov.uk/projects/GB-1-201021/documents>.

Assets restrained:	£666.5m
Assets confiscated	£207.3m
Assets returned	£200m

2d NCA Bribery and Corruption Intelligence Unit

	2016-17	2017-18	2018-19	2019-20
Budget:	n/a			
Headcount:	14			16
Cumulative number and quality of intelligence packages supplied by BCIU to ICU to initiate and support AML-related or bribery-related asset recovery, as well as disruption and prevention activity, in LIC, LMIC or UMIC. ²²¹	514			
Number and quality of strategic intelligence outputs relating to LIC, LMIC or UMIC jurisdictions or specific sectors/thematic areas, which are supplied by BCIU to the ICU and DFID in order to generate tactical work or strategic insight for NCA or other law enforcement agencies/HMG.	26			

2e Financial Intelligence Unit

- Since 2016/17 the number of suspicious activity reports (SARS) reports received by the FIU has increased by 75%, Defence Against Money Laundering (DAML) reports have increased by 283%.
- This increased workload can also be observed in the 18% increase in requests for intelligence from foreign agencies.
- FIUs work is leading to an ever greater value of criminal assets being restrained, increasing from £53.9 million in 2016-17 to £179.1 million in 2019-20.
- The value of funds HMRC recovers as the result of FIU interventions has increased by 541% in 4 years from £1.7 million in 2016 to £10.9m in 2020.
- The number of integrity SARs disseminated has fallen markedly from 1,257 in 2016 to 622 in 2020, while the number of Politically Exposed Persons SARs has increased by 9.3% from 1,955 in 2016-17 to 2,137 in 2019-20.
- There is very little transparency over the FIUs budget in the last three years and the government's Security Minister declined to disclose its budget after it was requested through a parliamentary question.²²²

FIU	2016-17 ²²³	2017-18	2018-19	2019-20	2020-21
Budget:	£3.37m	£3.49m ²²⁴	n/a ²²⁵	n/a	n/a
Headcount:	n/a	n/a	80 ²²⁶	118 ²²⁷	n/a ²²⁸

FIU activities	2016-17 ²²⁹	2017-18	2018-19	2019-20	2020-21

²²¹ This includes intelligence supplied to support investigations by other UK enforcement authorities; prosecutions by overseas jurisdictions; prosecutions for separate but related crimes; and instances where the scope of other investigations is widened.

²²² The government declined to disclose the FIU's budget in response to a parliamentary question tabled by Kevin Hollinrake MP in November 2021. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72534/>.

²²³ This reporting period was 18 months from October 2015 to March 2017.

²²⁴ Parliamentary question answered by Ben Wallace Minister of State (Home Office) (Security) in November 2018. <https://www.theyworkforyou.com/wrans/?id=2018-10-18.181273.h>

²²⁵ The government declined to disclose the FIU's budget in response to a parliamentary question tabled by Kevin Hollinrake MP in November 2021. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72534/>.

²²⁶ <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/390-sars-annual-report-2019/file>.

²²⁷ Ibid.

²²⁸ The FIUs headcount is expected to increase to 180 when funding for the SARS Reform Programme becomes available. See p8 of HM Treasury Economic crime levy: Funding new government action to tackle money laundering.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902445/Levy_Consultation_Document_-_FINAL_.pdf.

²²⁹ This reporting period was 18 months from October 2015 to March 2017.

Number of SARs reports received:	423,304	463,938	478,439	573,085	742,000
Number of DAML reports received:	27,471	22,619	34,543	61,978	105,000
Requests received from foreign networks (Egmont, ARO, CARIN):	1,466	1,455	1,639 ²³⁰	1,729	n/a. ²³¹
Average turnaround time for response to requests:	5.8	4.32	5.12	4.18	n/a
Of which how many were requests for a defence submitted under the Terrorism Act (TACT) or the Proceeds of Crime Act (PoCA), formerly known as consent SARs:	18,850	22,621	34,525	62,000	105,000
Number of SARs relating to international corruption passed to the NCA BCIU:	1,259 ²³²	1,851	n/a	n/a	n/a

FIU record	2016-17 ²³³	2017-18 ²³⁴	2018-19 ²³⁵	2019-20 ²³⁶
Interventions arising from refused DAML requests:				
Restraint sums:	£35.8m	£48.1m	£122.8m ²³⁷	£168m
Value cash seizures:	£16.1m	£776k	£829k	£203k
Funds indemnified by HMRC:	£51k	n/a	n/a	n/a
Funds recovered by HMRC:	£1.7m	£1.7m	£7.9m	£10.9m
Total:	£53.9m	£50.8m	£131.6m	£179.1m

FIU referrals	2016-17 ²³⁸	2017-18	2018-19	2019-20
Number of integrity SARS being disseminated to law enforcement	1,257	1,227	788	622
Number of PEP SARS being disseminated to law enforcement	1,955	1,419	2,388	2,137

2f National Economic Crime Centre

	2018-19	2019-20	2020-21
Budget	£6.7m	£30.0m ²³⁹	£35.5m ²⁴⁰
Headcount			223 FTE, 29 PTE ²⁴¹

2g NCA Proceeds of Crime Centre

- Between 2017 and 2021 the centre's budget has remained static at under £1 million per year.

²³⁰ <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/390-sars-annual-report-2019/file>.

²³¹ This data is likely to be published in the upcoming SARS report due in November 2021.

²³² PHASE 4 TWO-YEAR FOLLOW-UP REPORT: United Kingdom <https://www.oecd.org/corruption/United-Kingdom-phase-4-follow-up-report-ENG.pdf>

²³³ This reporting period was 18 months from October 2015 to March 2017. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/112-suspicious-activity-reports-annual-report-2017/file>.

²³⁴ Suspicious Activity Reports (SARs) Annual Report 2018. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/256-2018-sars-annual-report/file>.

²³⁵ Suspicious Activity Reports (SARs) Annual Report 2019. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/390-sars-annual-report-2019/file>.

²³⁶ Suspicious Activity Reports (SARs) Annual Report 2020. <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/480-sars-annual-report-2020/file>.

²³⁷ Figure includes quantities recovered through Account Freezing Orders which came into law this financial year.

²³⁸ This reporting period was 18 months from October 2015 to March 2017.

²³⁹ See parliamentary question proposed by Kevin Hollinrake MP in November 2021. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72534/>

²⁴⁰ Ibid.

²⁴¹ See question posed by Lord Sikka 04/11/21. <https://www.theyworkforyou.com/wrans/?id=2021-10-21.HL3315.h>.

- Despite the headcount improving, the number of accreditations decreased from 201 in 2017/18 to 151 in 2019/20, meaning that at the time there was a growing need for such investigators, the amount produced per year has been falling.
- There are signs that from 2021 onwards this bottleneck may be easing, as the first 6 months of 2021/22 have produced 140 accreditations.
- The number of specialist accreditations given to confiscators has been falling steadily from 143 in 2017/18 to 47 in 2020/21, meaning fewer specialist investigators are entering the system every year.

NCA Proceeds of Crime Centre	2017-18	2018-19	2019-20	2020-21
Budget: ²⁴²	£982k	£962k	£874k	£937k

	March 2018	March 2019	March 2020	March 2021	October 2021
Headcount:	14	15	16	18	20

	2017/18	2018/19	2019/20	2020/21	2021 (March - October)
Number of accreditations given out to financial investigators:	201	241	151	119	140
Number of accreditations given out to confiscators:	143	118	83	51	47

3. Her Majesty's Revenue and Customs

- In 2020/21 HMRC's core budget was set at 2019 funding levels despite receiving an additional £120 million for new work²⁴³ including in relation to Brexit costs and the establishment of the Taxpayer Protection Taskforce to pursue fraud in cases related to the fraudulent use of all COVID-19 government support schemes.²⁴⁴
- In the government's Autumn Budget and Spending Review, it was revealed that HMRC's annual budget is to be frozen for the remainder of the parliament.
- In 2020/21, HMRC spent £38.8 million on enforcement costs, or 0.8% of its total £4.74 billion budget.
- Between 2016/17 and 2019/20, HMRC issued a total of 1,709 penalties for AML violations worth a total of £13.5 million, an average of £7,900 per penalty.
- For the same period HMRC collected £49.6 million from firms under its supervision, meaning that HMRC has a negative rate of return i.e. for every £1 spent on its AML supervision duties, it imposed fines of just 27 pence on firms.
- The fees received by HMRC from regulated firms to undertake its AML supervisory work dropped from £16.4m in 2018/19 to £11.4m in 2019/20 - the equivalent to 2017/18 levels - before increasing markedly to £22.8 million in 2020/21 as changes to the fee system kicked in. This suggests that HMRC is meeting the deadline imposed in the 2019 Economic Crime Plan to "enhance HMRC supervision"²⁴⁵ and according to OPBAS is "broadly" fulfilling its supervisory role.²⁴⁶
- The number of financial investigators housed within HMRC's Fraud Investigation Service decreased from 4,358 to 4,329 between 2016/17 and 2020/21. As a result, HMRC is undertaking fewer investigations, the number

²⁴² Data taken from parliamentary question tabled by MP Kevin Holinrake on 25/10/21. <https://questions-statements.parliament.uk/written-questions/detail/2021-10-25/62781>

²⁴³ See page 33 HMRC annual report 2020/21. It is not clear whether this refers to the March 2021 announcement on the £100 million investment for the Taxpayer Protection Task Force announced in March 2021.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1031052/HMRC_Annual_Report_and_Accounts_2020_to_2021_Web_.pdf

²⁴⁴ Budget 2021: What you need to know. HM Gov. <https://www.gov.uk/government/news/budget-2021-what-you-need-to-know>

²⁴⁵ See Action 35. Economic Crime Plan. 2019-22. <https://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022/economic-crime-plan-2019-to-2022-accessible-version>

²⁴⁶ Report finds HMRC 'broadly' fulfilling AML supervision role. Property Mark. <https://www.propertymark.co.uk/resource/report-finds-hmrc-broadly-fulfilling-aml-supervision-role.html>

of criminal investigations opened by HMRC's Fraud Investigation Service dropped from 965 in 2016/17 to 600 prior to the COVID-19 pandemic (a decrease of 37%) before being severely curtailed in 2020/21 when only 212 such investigations took place.

- A similar decline is also apparent for civil investigations undertaken by the Fraud Investigation Service, which decreased by 59% from 20,556 in 2016/17 to 8,223 in 2020/21. During the same period, the number of convictions for fraud offences fell from 808 in 2016/17 to 608 in 2019/20, before falling further to 157 due to the effects of the COVID-19 pandemic.
- The number of investigators in the Proceeds of Crime Unit rose from 272 and 346 (27%) between 2016/17 and 2019/20. This increase in staff, however, does not mean HMRC is undertaking more investigations - money laundering investigations have also decreased in recent years, from 57 in 2017/18 to 41 the following year, before being severely reduced by the pandemic to 22 in 2020/21. Fewer money laundering investigations are also resulting in fewer convictions. In 2016/17 HMRC secured 35 prosecutions for AML offences, which just prior to the COVID-19 pandemic had fallen to 31.

Agency	2016-17	2017-18	2018-19	2019-20	2020-21
HMRC total budget: ²⁴⁷	£3.56bn	£3.69bn	£3.78bn	£4.08bn	£4.74bn
Total headcount:	63,074	64,228	61,456	62,642	61,867
Total Full-time equivalent staff in the Fraud Investigation Service: ²⁴⁸	n/a	4,100	4,400	4,900	4,400
Number of financial investigators in the Fraud Investigation Service: ²⁴⁹	4,358	4,087	4,428	4,892	4,329
Total Full-time equivalent staff in the Proceeds of Crime Unit: ²⁵⁰	n/a	400	350	400	350
Number of financial investigators in the Proceeds of Crime unit: ²⁵¹	272	338	363	346	n/a ²⁵²
AML supervision income:	£10m	£11.8m	£16.4m	£11.4m	£22.8m
AML supervision cost:	£10.5m	£11.6m	£16.2m	£12.9	£19.9m
AML supervision (surplus/deficit):	£0.5m	£200k	£200k	-£1.5m	£2.9m
Number of HMRC employees dedicated to AML/CTF supervision: ²⁵³	n/a	n/a	204	266	n/a ²⁵⁴
Fraud Investigation Service budget: ²⁵⁵	£240m	£240m	£260m	£300m	£300m
Proceeds of Crime Unit budget:	£18m ²⁵⁶	n/a ²⁵⁷	n/a	n/a	n/a
Enforcement costs: ²⁵⁸	£20.9m	£25.9m	£29.9m	£35.8	£38.8m

Activities	2016-17	2017-18	2018-19	2019-20	2020-21
Supervisory interventions carried out to prevent ML:	n/a	n/a	2,200	1,958	1,145

²⁴⁷ Figures used here are based on Resource DEL which is a net limit comprising day-to-day running costs, less retained income from cost awards.

²⁴⁸Data taken from parliamentary question tabled by Kevin Hollinrake MP. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72537/>

²⁴⁹ Data from FOI rec 5/10.

²⁵⁰ Data taken from parliamentary question tabled by Kevin Hollinrake MP. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72537/>

²⁵¹ Data from FOI rec 5/10.

²⁵² Ibid. Note: In 2020/21 the FIS was reorganised to house within it a dedicated Economic Crime function which combined the Proceeds of Crime Unit with additional HMRC operational, supervisory and strategy staff members. According to an FOI, the new Economic Crime Unit had 611 full time officers on its establishment.

²⁵³ Data taken from HM Treasury Anti-money laundering and counterterrorist financing reports.

²⁵⁴ Data expected to be published by HM Treasury in November 2022.

²⁵⁵ Data taken from parliamentary question tabled by Kevin Hollinrake MP. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72537/>

²⁵⁶ P13. House of Commons. Confiscation orders: progress review. <https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/124/124.pdf>

²⁵⁷ The POC budget forms part of the wider budget allocation for the Fraud Investigation Service. <https://questions-statements.parliament.uk/written-questions/detail/2021-11-09/72537/>

²⁵⁸ See annual reports. Figure taken from Expenditure accounts.

Number of Money laundering Investigations conducted: ²⁵⁹	40	57	41	39 ²⁶⁰	22
Number of civil investigations opened by HMRC's Fraud Investigation Service (FIS): ²⁶¹	20,556	18,777	17,424	12,605	8,223
Number of criminal investigations undertaken by HMRC's Fraud Investigation Service (FIS): ²⁶²	965	929	764	600	212
Total (civil and criminal):	21,521	19,706	18,188	13,205	8,435

HMRC Enforcement outcomes	2016-17	2017-18	2018-19	2019-20	2020-21
Total number of criminal convictions achieved by Fraud Investigation Service: ²⁶³	808	835	648	608	157
Convictions for tax evasion:	n/a ²⁶⁴	26	n/a	n/a	n/a
Convictions for money laundering offences including regulatory offences:	35 ²⁶⁵	18 ²⁶⁶	32	31	19 ²⁶⁷

HMRC AML fines	2016-17	2017-18	2018-19	2019-20	2020-21
Number of AML penalties issued under 2007 MLRs: ²⁶⁸	892	655	131	31	n/a ²⁶⁹
Total value of AML penalties issued under 2007 MLRs:	£1.1m	£2.2m	£1.173m	£9m	n/a

HMRC asset recovery work	2016-17	2017-18	2018-19	2019-20	2020-21
Total money raised using proceeds of crime powers, from both criminal and civil means: ²⁷⁰	£189.6m	£175.5m	£168.8m	£166.6m	£218.4m
Value of funds recovered from offshore through the Worldwide Disclosure Facility: ²⁷¹	£82k	£20.8m	£49.5	£10m	£44.2m
Value of proceeds of crime recovered in receipts from Confiscation Orders:	£15.9m	£20.1m	£16.1m	£10.8m	£13.1m
Value of proceeds of crime recovered in receipts from Forfeiture Orders:	£10.6m	£10m	£21m	£24m	£32m

4. The Financial Conduct Authority

- Between 2016 and 2020, the FCA collected £3 billion from regulated firms to fund its regulatory functions and duties. During the same period it levied £905m in fines on firms for civil, criminal and regulatory failings,²⁷² of which £365.1m related specifically to violations of money laundering rules, or 40.3% of the total.
- Despite a 4.3% increase in the number of staff members in the FCA's enforcement and market oversight division from 670 in 2016/17 to 699 in 2020/21, the number of financial crime investigations opened each year has fallen from 43 in 2016/17 to 11 in 2019/20 and just 4 in 2020/21. This corresponds with a fall in the number of criminal outcomes obtained from these cases, which stood at 14 in 2017/18 before dropping to 9 in 2019/20 and 3 in 2020/21.

²⁵⁹ Data from FOI received 01/10. FOI2021/21043.

²⁶⁰ According to the same FOI response from HMRC "there has also been a significant reduction in the number of criminal investigations HMRC has been able to undertake."

²⁶¹ Data from FOI received 01/10.

²⁶² Data from FOI received 01/10.

²⁶³ Data from FOI received 1/10 and 18/10. The conviction figures are the result of criminal prosecution cases resulting in guilty verdicts in court. The cases include all criminal offence types including tax evasion.

²⁶⁴ In an FOI request, HMRC declined to break down conviction figures for specific offences including tax evasion. FOI2021/22959 received 18/10.

²⁶⁵ Data from FOI rec 5/10.

²⁶⁶ Data from FOI rec 5/10.

²⁶⁷ Data from FOI received 1/10.

²⁶⁸ Data taken from the HM Treasury Reports "Anti-Money Laundering and Counter-Terrorist Financing: Supervision Report."

²⁶⁹ Treasury data for 2020/21 expected to be published in November 2022.

²⁷⁰ These figures include the application of interest, penalties and court determined costs, subject to the type of power used.

Data from FOI rec 1/10. FOI2021/21043.

²⁷¹ Data from FOI received 18/10. These figures include tax, interest and penalty.

²⁷² Fines are paid into the HM Treasury Consolidated Fund. See: Down the plughole: Where has all the FCA fine money gone? Money Marketing. <https://www.moneymarketing.co.uk/news/down-the-plughole-where-has-all-the-fca-fine-money-gone/>

- The number of criminal investigations launched into breaches of the Money Laundering Regulations 2007 and 2017 is low, with the majority of cases being investigated as regulatory or civil breaches.
- The FCA has only twice in the last 5 years levied more than one fine in a year for breaches of AML rules.
- As yet the FCA is yet to undertake any enforcement action relating to AML breaches of the Senior Managers Certification Regime.²⁷³

Agency	2016-17	2017-18	2018-19	2019-20	2020-21
Total FCA Income:	£566.3m	£600.3m	£614.3m	£632.6m	£635.6m
Total staff numbers:	3,635	3,739	3,951	4,188	4,194
Staff numbers in the enforcement and market oversight division:	670	643	693	729	699
Number of financial investigators in the enforcement and market oversight division	n/a ²⁷⁴	10 ²⁷⁵	n/a	n/a	n/a

Activities ²⁷⁶	2016-17	2017-18	2018-19	2019-20	2020-21
Average length of all criminal cases (months):	75.6	58.2	75.9	n/a	29.2
Average cost of all criminal cases:	£866k	£1.1m	£7.2m	n/a	£264k
Financial crime cases open on 1st April:	56	55	76	83	71
Financial crime investigations opened during the year:	43	46	29	11	4
Financial crime cases closed during the year:	7	15	17	23	21
Number of "threshold conditions cases" closed during the year relating to Money laundering: ²⁷⁷	n/a	n/a	8	3	7
Number of ongoing live single track criminal investigations in relation to breaches of the MLR 2007: ²⁷⁸	n/a ²⁷⁹				1
Number of live single track criminal investigations in relation to breaches which span a single period encompassing both the MLR 2007 AND the MLR 2017:					1
Number of ongoing dual track criminal/civil investigations in relation to breaches of the MLR 2017:					3
Number of regulatory/civil investigations that relate to breaches of the MLR 2007:					13
Number of regulatory/civil investigations that relate to breaches of the MLR 2007 and MLR 2017:					1
Number of single track criminal investigations into breaches of MLR 2007 and/or MLR 2017 discontinued since January 2020:					3
Number of dual track criminal/civil investigations into breaches of MLR 2007 and/or MLR 2017 discontinued since January 2020:					7

²⁷³ This was confirmed by the FCA in written correspondence received on 13/10/21.

²⁷⁴ The FCA refused to disclose this information citing Section 12 of the FOIA (cost of compliance).

²⁷⁵ Data from FATF UK mutual evaluation 2018 report.

²⁷⁶ Data taken from FCA annual enforcement reports unless otherwise stated.

²⁷⁷ All firms applying for FCA authorisation must meet the agency's minimum standards to become authorised (Threshold Conditions for firms and the Fit and Proper test for individuals).

²⁷⁸ Data received from FOI8530 on 2/09. This request was based on an updated version of an FOI request previously submitted by the law firm Eversheds Sutherland in 2020.

²⁷⁹ The FCA declined to produce this data broken down in years as requested.

Activities 2: ²⁸⁰	2017	2018	2019	2020
Total number of investigations opened between 2017 and 2020 into criminal breaches of the Money Laundering Regulations 2007 (MLR 2007) by individuals and firms				
Firms	13	4	1	0
Individuals	9	2	2	0
Total number of investigations opened between 2017 and 2020 into criminal breaches of the Money Laundering Regulations 2017 (MLR 2017) by individuals and firms, including dual track investigations:				
Firms	0	0	1	1
Individuals	0	0	0	0
Investigations into criminal breaches of both MLR 2007 and MLR 2017 opened between 2017 and 2020:				
Firms	1	0	3	2
Individuals	0	0	3	0

Financial penalty outcomes (calendar year)	2016	2017	2018	2019	2020
Total number of fines (civil, regulatory and criminal) Calendar year:	23	13	15	21	11
Total value of fines (civil, regulatory and criminal) Calendar year:	£56.6m	£229m	£60.7m	£367m	£192.6m
Number of fines issued for violations of the MLRs: ²⁸¹	3	0	0	3	0
Value of fines:	n/a ²⁸²	0	0	£103.1m ²⁸³	0
Number of fines for MLR violations (non MLR ²⁸⁴):	2 ²⁸⁵	1 ²⁸⁶	1 ²⁸⁷	0	2 ²⁸⁸
Value of fines for MLR violations (non MLR):	£3.3m	£163m	£896k	0	£85.8m
Total value of fines for MLR and MLR -related violations	£3.3m	£163m	£896k	£103.1m	£85.8m
Number of senior managers found in breach of AML regulations (SMCR): ²⁸⁹	0	0	0 ²⁹⁰	0 ²⁹¹	0

Enforcement outcomes	2016-17	2017-18	2018-19	2019-20	2020-21
Number of "criminal outcomes": ²⁹²	11	14	12	9	3

²⁸⁰ Data taken from FOI published by the FCA. <https://www.fca.org.uk/publication/foi/foi7640-response.pdf>

²⁸¹ Data taken from HM Treasury Supervisory reports and includes violations of 2007 AML regulations and Financial Services and Markets Act 2000.

²⁸² The value of the 3 fines levied by the FCA in 2016 is not listed in the HM Treasury supervision report. P26.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685248/PU2146_AML_web.pdf

²⁸³ This includes the second largest financial penalty ever imposed by the FCA of £102 million, on Standard Chartered Bank in April 2018, for AML control failings.

²⁸⁴ For instance, violations of the FCA's Principles for Businesses.

²⁸⁵ The FCA fined Sonali Bank £3.2m, and its former money laundering reporting officer (MLRO), Steven Smith, was fined £17,900.

²⁸⁶ The FCA fined Deutsche Bank £163m for breaches of PRIN 3 and SYSC related to culture/governance and financial crime in the investment bank sector.

²⁸⁷ The FCA fined Canara Bank for anti-money laundering systems failings.

²⁸⁸ The FCA fined Goldman Sachs International £48m for breaches of PRIN 2 and PRIN 3 in connection with the 1 Malaysia Development Berhad (1MDB). In addition, the FCA fined Commerzbank £37.8m for breaches of PRIN 3 related to financial crime in the retail bank sector.

²⁸⁹ The senior manager certification regime was first extended to banks and PRA-designated investment firms in March 2016.

²⁹⁰ The SMCR was extended to insurers on 10 December 2018, replacing the PRA's Senior Insurance Managers Regime and the FCA's Approved Persons Regime.

²⁹¹ The SMCR applied to all FSMA-authorized firms from 9 December 2019.

²⁹² According to FCA, "Criminal outcomes for the purpose of our statistics relate to substantive criminal prosecutions and to post-conviction work, including confiscation."

5. Crown Prosecution Service

- The CPS budget has been increased by 2.9% but must be placed in context of a drastic 33% real term overall cut to its budget between 2010 and 2019.²⁹³
- During the five year period, CPS staffing numbers have increased by 3.6%.
- Despite generating huge sums for the Home Office through its Proceeds of Crime Division (see below), the CPS has only received £78.3 million in ARIS funding from the Home Office for the same 5 year period - or just 13.7% of the money it had successfully confiscated.

Agency	2016-17	2017-18	2018-19	2019-20	2020-21
Budget: ²⁹⁴	£491.6m	£509m	£512.4m	£556m	£566.8m
Value of ARIS receipts: ²⁹⁵	£18.1m	£17m	£18.9m	£13.6m	£10.7m
Staff numbers: ²⁹⁶	5,509	5,378	5,395	5,419	5,707

5b Crown Prosecution Service Proceeds of Crime division

- Between 2016/17 and 2020/21 the CPS recovered assets worth £568 million from criminals through confiscation orders. The CPS Proceeds of Crime (CPSP)OC Division assisted HM Courts and Tribunal Services in recovering £390 million of that amount, of which nearly £126 million was returned to victims of crime by way of compensation.
- £125 million of this figure was returned to victims, meaning that for every pound reclaimed from criminals by the CPSP)OC, on average only 22 pence is returned.
- This proportion is also declining each year, with 20.3% returned in 2016-17 dropping to 17.7% in 2020-21.

CPSP)OC	2016-17	2017-18	2018-19	2019-20	2020-21
Budget: ²⁹⁷	£9.8m	£9.4m	£9.3m	£10.9m	£12.3m
Headcount: ²⁹⁸	133	138	150	160	185

CPSP)OC record	2016-17	2017-18	2018-19	2019-20	2020-21
The value of assets recovered from criminals in CPS Confiscation orders: ²⁹⁹	£129.6m	£120.2m	£138m	£103.5m	£76.8m
How much of this when POC acted as lead enforcement agency: ³⁰⁰	£88m	£80m	£98m	£68.9m	£54.8m
..of which returned to victims:	£26.4m	£26.4	£32.8m	£26.6m	£13.6m

5c Crown Prosecution Service Specialist Fraud Division

- The CPS Specialist Fraud Division obtained confiscation orders worth £160 million over the five year period, £54.7 million more than its £106.2 million budget.

²⁹³ FactCheck: extra funding for CPS comes after long-term cuts. Channel 4. <https://www.channel4.com/news/factcheck/factcheck-extra-funding-for-cps-comes-after-long-term-cuts>.

²⁹⁴ Figures based on the "Resource on the Departmental Expenditure Limit (DEL) estimate."

²⁹⁵ Data from FOI request received 11/10. These are amounts distributed to the CPS HQ Finance Directorate from the main Home Office managed ARIS fund on a quarterly basis based on Home Office receipts where the CPS (or subsumed agency) are the main prosecutor of the original confiscation order imposed. These receipts are added to the main CPS Budget.

²⁹⁶ Permanently employed CPS staff.

²⁹⁷ FOI received 12/10/21.

²⁹⁸ Ibid.

²⁹⁹ Data comes from FOI Reference 10072. 11/10/21. Confiscation orders are payable to the magistrates' court and Her Majesty's Courts and Tribunals Service (HMCTS) are ultimately responsible for collecting the debt owed by a case subject to a confiscation order.

³⁰⁰ Ibid.

- Even before the COVID-19 pandemic, the CPS fraud division saw a marked drop in the number of prosecutions being brought against individuals and convictions, the first dropping by 95% between 2016/17 and 2020/21 from 6,283 to 269, while the second decreasing by 96% from 5,452 to 200.
- The conviction rate is also a major concern and has declined from 86% in 2016-17 to 67% in 2019-20 and 74% in 2020-21.

CPS SFD	2016-17	2017-18	2018-19	2019-20	2020-21
Budget: ³⁰¹	£21.6m	£21.1m	£24.2m	£22.7m	£16.6
Headcount: ³⁰²	198	215	188	168	160

Activities	2016-17	2017-18	2018-19	2019-20	2020-21
Number of cases handled:	n/a				

Asset recovery work	2016-17	2017-18	2018-19	2019-20	2020-21
Value of confiscation orders obtained on Specialist Fraud Division cases: ³⁰³	£26.6m	£28.1m	£13.9m	£32.8m	£59.5m

Outcomes	2016-17	2017-18	2018-19	2019-20	2020-21
Total individuals prosecuted: ³⁰⁴	6,283	6,725	2,779	832	269
Successful convictions: ³⁰⁵	5,452	5,677	2,181	560	200
Non-convictions: ³⁰⁶	831	1,048	598	272	69
Successful conviction rate (%):	87%	84%	78%	67%	74%

6. Regional Organised Crime Units

6a City of London Police (national lead police force for fraud)

- The force's budget has increased by 21% in real terms between 2016/17 and 2020/21.
- The number of officers working on economic crime issues in the City of London Police has recovered to 2016-17 levels after being decreased between 2018 and 2020.
- The force received a declining number of fraud reports for the three year period 2016-2019, dropping by 43% from 865 to 487.
- The force has seized a total of £18.1 million in assets through confiscation orders and £5.2 million through forfeiture orders.
- £4.2 million or 23% of this has been returned to victims.

³⁰¹ Data taken from FOI received 11/11/21. Ref: 10131.

³⁰² Ibid.

³⁰³ Ibid.

³⁰⁴ FOI received 12/10/21. Ref 10071.

³⁰⁵ Ibid.

³⁰⁶ Ibid.

Agency	2016-17 ³⁰⁷	2017-18	2018-19	2019-20	2020-21
Force Budget: ³⁰⁸	£68.1m	£75.9m	£74.1m	£80.7m	£92.7m
Economic Crime Department Budget:	n/a ³⁰⁹				
"Officers" economic crime:	175	175	155	155.2	173
"Support staff" economic crime:	132	131.1	140.12	140.12	157

Activities	2016-17	2017-18	2018-19	2019-20	2020-21
Number of "accepted fraud cases": ³¹⁰	989	112	143	77	228
Received fraud reports:	865 ³¹¹	548 ³¹²	487	205 ³¹³	388 ³¹⁴

Asset recovery work	2016-17 ³¹⁵	2017-18 ³¹⁶	2018-19 ³¹⁷	2019-20 ³¹⁸	2020-21 ³¹⁹
Value of proceeds of crime recovered in receipts from Confiscation Orders: ³²⁰	£2.7m	£1.9m	£7.7m	£1.8m	£4m
Value of proceeds of crime recovered in receipts from Forfeiture Orders: ³²¹	£442k	£31k	£25k	£1.5m	£3.2m
Compensation paid to victims (fraud):	n/a	£1m	n/a	£1.1m	£2.3m

Enforcement outcomes	2016-17	2017-18	2018-19	2019-20	2020-21
Number of people convicted of fraud offences:	n/a			155	98
Number of disrupted bank accounts:	n/a			1900	5589
Fraud arrests:	n/a			31	n/a
Judicial outcomes: ³²²	427	212	73	1,061	457

³⁰⁷ City of London Police. Annual report 2016/17. <https://democracy.cityoflondon.gov.uk/documents/s78750/Draft%20Report.pdf>

³⁰⁸ Annual net budget. Data taken from FOI request received 17/11. FOI2021/01034

³⁰⁹ A freedom of information request was submitted to the City of London Police requesting this data. At the time of publication the data had not been received.

³¹⁰ Data taken from FOI received on 17/11. FOI2021/01091.

³¹¹ Data taken from <http://www.colp.uk/fraud/>. Page accessed December 2021.

³¹² Ibid.

³¹³ Data taken from FOI received on 17/11. FOI2021/01091.

³¹⁴ Ibid.

³¹⁵ City of London Police. Annual report 2016/17. <https://democracy.cityoflondon.gov.uk/documents/s78750/Draft%20Report.pdf>

³¹⁶ City of London Police. Annual report 2017/18. https://democracy.cityoflondon.gov.uk/documents/s95823/PoL_48-18_AR%20hard%20copy%2017-18.pdf

³¹⁷ This annual report is not in the public domain.

³¹⁸ City of London Police. Annual report 2019/20. https://www.cityoflondon.police.uk/SysSiteAssets/media/downloads/city-of-london/about-us/annual-report-2019-final.pdf?_cf_chl_captcha_tk__=pmd_Oqau6rHSj06nxl4o522LQ_p5pmtJjdWuXidEXel9S2k-1635523662-0-gqNtZGzNA5CjanBszQvR

³¹⁹ City of London Police. Annual report 2020/21. <https://www.cityoflondon.police.uk/SysSiteAssets/media/downloads/city-of-london/about-us/annual-report-2021.pdf>

³²⁰ See Home Office statistics. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021> Reporting force and agency data - assets recovered: September 2021

³²¹ See Home Office statistics. <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2016-to-2021> Reporting force and agency data - assets recovered: September 2021

³²² From FOI FOI2021/01057 received 14/10. According to the City Of London Police "There are a number of different judicial outcomes as defined by the Home Office. These include charged/summonsed, caution, community resolution, other and no further action. Judicial outcomes do not include civil recovery."

6b Metropolitan Police Economic Crime Command

Agency ³²³	2019-20	2020-21
Number of officer posts	265	289
Numer of staff posts	38	43
Budget (includes Economic Crime, Vulnerability, Cyber Crime, Flying Squad (Kidnap), Major Enquiries and International):	£64.8m	£68.4m

6c Other ROCUs

- South West ROCU refused to disclose any data through FOI requests. Four ROCUs did not respond to FOI requests before the publication of the report. This lack of transparency regarding their budgets, activities and enforcement outcomes makes it impossible to ascertain how the agencies are performing.

Where agencies did return FOI requests we found that:

- West Midlands ROCU's total budget for the four year period from 2017/18 to 2020/21 was £644,000 and for the same period it recovered £5.3 million from criminals through confiscation orders, meaning that for every £1 invested into the unit it recovered £8 from criminals.
- Eastern ROCU received £1.2 million in funding over a four year period, during which time it obtained 207 confiscation orders worth £7 million, a rate of return of 5.8.
- North East ROCU obtained 199 confiscation orders worth £9.5 million between 2017-2021 on a budget of £500k, meaning that for every £1 spent it reclaimed £19 from criminals.
- Combined together, the three ROCUS for which data is available recovered £21.8 million from criminals on a budget of £2.3 million, suggesting an average rate of return of 9.5.

West Midlands (WMROCU) ³²⁴	2016-17	2017-18	2018-19	2019-20	2020-21
Budget:	n/a	£166k	£166k	£166k	£166k
Headcount:	4	4	5	5	n/a
Number of confiscation orders enforced:	n/a ³²⁵				
Value of funds recovered through confiscation orders:	n/a	£1.2m	£1.1m	£1.7m	£1.1m

Eastern (ERSOU) ³²⁶	2016-17	2017-18	2018-19	2019-20
Gross Budget:	£371k	£371k	£243k	£249k
Number of confiscation orders enforced:	46	55	57	49
Value of funds recovered through confiscation orders:	£1.7m	£1.2m	£2m	£2.1m

North East (NERSOU) ³²⁷	2017-2021
Headcount:	6. (1 Senior Financial Investigator, 4 Financial Investigators, 1 Financial Intelligence Officer/Researcher)

³²³ Data taken from FOI request received 07/01/22. 01/FOI/21/021329

³²⁴ Data From FOI request Reference: 1357A/21. Received 14/10.

³²⁵ This question on the FOI request was rejected. The force stated that "The cost of providing you with the information is above the amount to which we are legally required to respond i.e. the cost of locating and retrieving the information exceeds the 'appropriate level' as stated in the Freedom of Information (Fees and Appropriate Limit) Regulations 2004."

³²⁶ Data from FOI request No. FOI 003209-21. Received 20/10.

³²⁷ Data from FOI request FOI 880924/21. Received 19/10/21.

Budget:	£125k per annum. £500K
Number of confiscation orders enforced:	199
Value of funds recovered through confiscation orders:	£9,504,765.10.

PICTURE CREDITS

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