Resources and the investigation of economic crime

A hard-hitting report has stated that the UK's efforts to tackle such crime is being hampered by underfunding. Aziz Rahman considers the situation.

As an assessment of Britain's fight against economic crime, the recently-published report by Spotlight on Corruption appears to offer little cause for optimism.

The UK-based charity said that Britain's efforts were being weakened by chronic underfunding. Spotlight argued that law enforcement agencies would be more effective if they were able to use the £3.9 billion collected from 2016 to 2021 from criminals in fines, confiscation, forfeiture and civil recovery orders. It emphasised that the government spends just 0.04% of gross domestic product – which is £852 million a year – on fighting economic crime, yet such crime costs Britain's economy 14.5% of GDP, which equals £290 billion every year.

There is little doubt that the report raises issues that have been discussed by various individuals and organisations in recent years. These discussions have arguably escalated as economic crime has attracted more news coverage and appeared to move up the agenda of the authorities.

It comes as no surprise, therefore, that Spotlight on Corruption's report has been met with strong support from a number of quarters. Some have gone so far as to call it a wake-up call to government, while others have viewed it as confirmation that the enforcement agencies are often no match for the deep pockets of many of those who come under investigation. Talk of budget cuts to agencies and London's unenviable reputation as a destination for illicit money has come to the fore again, which is hardly surprising when the report's strong message is digested.

Nobody taking even a brief glance at the report would say it makes optimistic reading. This may be amplified by the fact that it is coming out at a time when the Serious Fraud Office's recent results have been fairly mixed – and at a time when the SFO's work is subject to review by the Attorney General, in the wake of the quashing of a bribery conviction that placed the agency in a far from flattering light. It should also be noted that a look at the US will show that the UK's resources in this area are fairly modest in comparison.

But I would argue that the full situation is not all doom and gloom. When it comes tackling economic crime, it needs to be remembered that the UK has been at the forefront of many of the big cases, for example Airbus. Resources have always been an issue when it comes to the investigation of financial crime in the UK. But the agencies are capable of 'working smart'' rather than relying heavily on extra resources.

It should also not be forgotten that the SFO can seek blockbuster funding when it believes it needs extra resources for an investigation. It also remains to be seen – as the report highlights – exactly how the proceeds of the Economic Crime Levy will be used.

The report, quite rightly, raises a number of issues regarding the funding of economic crime investigations and the numbers of prosecutions that follow. And it does this in the starkest of terms. Yet the role of deferred prosecution agreements (DPAs) in the UK also needs to be considered. DPAs have become a notable part of the economic crime investigation landscape. They have been used to hold a number of major corporations to account over some of the largest financial scandals, while also generating revenue that could, in theory, be reinvested in the fight against crime if it were thought necessary.

The issue of resources is a valid one that is not going to go away any time soon. And neither should it, as the effectiveness of any enforcement agency will be affected, to some degree at least, by the funding arrangements it has to work under. But this is not necessarily the be all and end all when it comes to fighting economic crime.

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