

## WHITE PAPER

# TOWARDS A NEW BLUEPRINT FOR ECONOMIC CRIME ENFORCEMENT

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**About the Centre for Financial Crime and Security Studies:**

The Centre for Financial Crime and Security Studies (CFCS) at the Royal United Services Institute (RUSI) delivers pioneering analysis and actionable ideas in the fight against financial crime. Its research equips the international community with the knowledge, tools and insights to understand, identify and disrupt the threats of illicit finance.

Since its creation in 2014, CFCS has become a central figure in the policymaking landscape, working with governments, law enforcement, the private sector and other members of civil society to tackle challenges in the world of illicit finance.

**About Spotlight on Corruption:**

Spotlight on Corruption is a UK based anti-corruption charity which tracks how the UK implements and enforces its anti-corruption laws in order to reduce impunity for corruption both at home and abroad. SpOC monitors court cases arising from corruption and related economic crime in the UK courts to spot trends and patterns in enforcement and identify recommendations for reform.

## INTRODUCTION

Launched in July 2019, the UK government's Economic Crime Plan (ECP) 2019-2022 aimed to represent a "step-change" in the UK response to economic crime. **Strategic priority four** of the ECP - Enhanced Capabilities - set out a range of actions to improve and coordinate the operational response to economic crime as well as identifying a sustainable resourcing model.

The ECP notes that *"this is a priority area of work as we recognise that the success of the plan is dependent upon ensuring that there is sufficient capacity across the public and private sectors to respond to the scale of the threat"*. Despite the priority accorded to this issue in the ECP, this has been one of the areas of weak progress to date, with (at the time of writing), six of the twelve actions set out under this priority overdue<sup>1</sup>.

In recognition of the importance of driving progress on this theme, in September 2021, the Centre for Financial Crime and Security Studies (CFCS) at the Royal United Services Institute (RUSI) and Spotlight on Corruption held a workshop examining the UK economic crime enforcement environment. Representatives from the public, private and third sectors gathered to discuss the potential building-blocks of a future blueprint for UK economic crime enforcement, with a focus on three key themes:

- Operational structures,
- Sustainable resourcing,
- Workforce capabilities.

This workshop did not seek to achieve consensus on the way forward, but rather sought to seed future thinking and generate a range of options for future exploration. This white paper sets out the main discussion points, ideas generated and some of the fault lines in the debate. Distilling these ideas, the paper then makes recommendations on areas which merit further exploration as part of the process for formulating the UK Government's second Economic Crime Plan, planned for summer 2022.

OPERATIONAL STRUCTURES	SUSTAINABLE RESOURCING	WORKFORCE CAPABILITIES
<ul style="list-style-type: none"><li>• Defining the aims and objectives of enforcement</li><li>• The need for disaggregation of terms</li><li>• Support for the role of the NECC and for its future evolution</li><li>• Data at the heart of future enforcement response</li><li>• Risks inherent in a standalone Economic Crime Agency approach</li></ul>	<ul style="list-style-type: none"><li>• Building a Better Public Narrative</li><li>• Transformative Investments</li><li>• New Funding Sources</li><li>• Bolstering the Base while Investing in New Skills</li><li>• Clarity on the Role of the Private Sector</li></ul>	<ul style="list-style-type: none"><li>• Gaps in Key Specialist Capabilities</li><li>• Retaining and Attracting Talent</li><li>• Salary top-ups and Specialist Pay-scales</li></ul>

<sup>1</sup> [Economic Crime Plan Online Tracker | Royal United Services Institute \(rusi.org\)](#) (Accessed 03/12/2021).

## DISCUSSION AREA A: OPERATIONAL STRUCTURES

It is well-recognised that the UK's economic crime enforcement landscape has evolved incrementally by default, rather than by design, and that part of the difficulty in responding to the problem lies in coordinating the work of multiple actors. The discussion on this theme raised a number of key considerations on future structures to support economic crime enforcement, including:

### 1. Defining the aims and objectives of enforcement

Participants broadly agreed that, in order to consider the future structure for economic crime enforcement, it was first important to define the aims and objectives of enforcement across all agencies. For example, it is important to decide whether prevention, disruption, or deterrence (or all three) are the core objectives of the response. Only by having this discussion, can a future structure be defined.

### 2. The need for disaggregation of terms

The term 'economic crime' covers a wide range of offences. Although some of these crimes are linked (for example fraud requires a subsequent laundering process) the crimes themselves often require bespoke responses. Participants broadly agreed future enforcement strategies should explore the possibility of disaggregating the term economic crime into sub-categories, in order to avoid applying a one-size-fits-all structure and enforcement response to fundamentally different crimes.

### 3. Support for the role of the NECC and for its future evolution

Most participants agreed that the NECC has made considerable progress in coordinating the response. However, a number of participants noted that its role needed to evolve in the future from a coordination function, into a stronger central hub in the response to economic crime. Some ideas about what this role might involve included data analysis, greater intelligence coordination and a stronger tasking and coordination role. It was however recognised that the NECC was currently under-resourced to undertake these roles, and some participants raised concerns regarding the relationship between the NECC and policing, given the NECC currently relies on an 'asking' rather than 'tasking' model.

### 4. Data at the heart of future enforcement response

It was widely agreed that prioritisation of responses and identification of impact points in the economic crime value chain is essential to the future enforcement response. Participants highlighted the need for better data-analytics and data-pooling to support prioritisation, accessing as broad a range as possible of public, private, and not-for-profit data. However, participants recognised the difficulty in achieving this vision - data silos need to be broken down and data quality issues need to be overcome before this vision can be achieved.

A number of participants agreed that the creation of a data analytics hub to support the future enforcement response would be desirable. However, it was recognised that there was no clear lead agency to perform this function and that current structures, such as the NECC and the National Data Exploitation Centre (NDEC), were currently not resourced, in human or technological terms, to undertake this role.

## 5. Risks inherent in a standalone Economic Crime Agency approach

Workshop participants also debated the perennial discussion point on whether a standalone 'Economic Crime Agency' would be desirable. From a cost point of view, most participants felt that the establishment of an entirely new agency was unlikely in the current fiscal climate. Furthermore, many participants felt that this would be disruptive and would undermine the progress made to date under the current NECC model. Finally, the creation of a single body, some felt, created risks around local police force abdication of responsibility for tackling economic crime and unnecessary silos between mainstream and economic crime policing.

However, a number of participants voiced the concern that without a standalone agency, or a significant transformational shift in the current enforcement landscape, the response would remain diluted, and resources would be continually diverted to more 'visible' crimes.

### ALTERNATIVE MODEL: CENTRALLY COORDINATED, LOCALLY DELIVERED

An alternative model discussed at the workshop was that of the counter-terrorism (CT) policing model. This model relies on a collaboration of police forces and agencies across the UK, operating under a single command and control structure and single CT policing budget - in effect a centrally coordinated, but locally delivered model.

Under this model, CT policing retains its (essential) links with local policing, but the ring-fenced budget eliminates the risk resources being diverted to other areas. One participant described the CT model thus - "The response may not be delivered by a single agency/force, but it behaves as if it is, with a real clarity of purpose/mission"

## DISCUSSION AREA B: RESOURCING

Action 23 of the ECP committed to developing a sustainable resourcing model for economic crime by March 2020. Action to date has included the establishment of the Economic Crime Levy<sup>2</sup> and Comprehensive Spending Review settlements for economic crime.

Despite the progress made to date, workshop participants recognised that the fiscal situation had changed immeasurably since the ECP launch and that planned resourcing streams were insufficient to transform the response. It was widely felt that there is a dissonance between stated policy ambitions in the ECP and the reality of the capacity to address threats.

It was recognised that (as per discussion A) resourcing decisions should not be made without first having clear objectives and aims for economic crime enforcement. However, this being in place, the following areas were discussed as options for resourcing reform:

### 1. Building a Better Public Narrative

Participants agreed that it is important to build a more accessible public narrative about why tackling economic crime matters. The limited uptake of this issue as a public policy priority is reflected in the relative under-funding of this area in comparison to other crimes. This narrative should also be

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<sup>2</sup> [Economic Crime \(Anti-Money Laundering\) Levy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/economic-crime-levy) (Accessed 10/12/2021).

extended to police leaders and Police and Crime Commissioners who often do not recognise the broader impacts of economic crime and as a result fail to prioritise resources for it.

## 2. Transformative Investments

Many participants voiced concerns about short-term year-on-year resourcing of piecemeal reform projects, due to the constraints of government funding cycles. It was generally agreed that investments should be long-term and transformative in nature and that a sustainable transformative funding pot for long-term investment needed to be identified to fund more substantial capital investments. Decisions on how to use any future ring-fenced funding should be made strategically to build new capabilities to the benefit of the whole system, rather than individual agencies or projects. Potential contenders included investments in new AI technologies, data exploitation capabilities, specialist intelligence resources, cyber expertise, and upstream activity.

## 3. New Funding Sources

Participants recognised that significant new public sector investment in the medium term would be unlikely. Finding other sustainable funding from existing sources should therefore be a priority. Participants discussed the range of funds generated by the economic crime ‘eco-system’, such as deferred prosecution agreements (DPA), regulatory fines and asset recovery receipts. Currently, the majority of these receipts go directly into central government funds<sup>3</sup>. Some participants felt that there was a case to be made for reinvesting these receipts back into the economic crime enforcement response. Others, however, raised concerns about the instability of such a pipeline and cautioned against inadvertently setting up a system which was required to ‘pay for itself’.

### **POTENTIAL MODEL: ECONOMIC CRIME ‘INNOVATION FUND’**

Taking points 2 and 3 together, one idea discussed was that of establishing an economic crime ‘Innovation Fund’. Under this model, core funding would be retained for ‘business as usual’ (BAU) economic crime enforcement, but a ring-fenced pot would be establishing for longer-term investments in significant system capacity improvements and innovations.

This fund could be derived from existing receipts from economic crime enforcement bodies (including asset recovery, DPAs and regulatory fines) with investment decisions made by a strategic coordination board. Participants however cautioned against the imposition of targets, which skew incentives, or such a fund being seen as a way of reducing core BAU funding.

## 4. Bolstering the Base while Investing in New Skills

Participants noted that the core skills needed to tackle economic crime were in short supply, due to a nationwide shortage of financial investigators and police detectives. Shoring up the base was deemed to be important. However, investment in ‘more of the same’ was deemed not enough to deal with the needs of the response. Participants felt it was important to have a considered look at the skills needed to tackle the threat as it stands now as well as preparing for the future (see below on specific specialist capability gaps).

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<sup>3</sup> This is aside from the Asset Recovery Incentivisation Scheme (ARIS) where proceeds are split between the Home Office and investigating/prosecuting agencies, with a ‘top slice’ retained from system-wide improvements.

## 5. Clarity on the Role of the Private Sector

There was a great appetite from private sector participants to use their available resources to actively contribute to disruption of the threat, rather than focusing on less impactful compliance requirements. Finding ways to 'industrialise' public-private partnership models, through greater use of data analytics and data pooling was one means suggested of achieving more from sizeable financial sector resources.

### DISCUSSION AREA C: WORKFORCE CAPABILITIES

A strong response to economic crime relies not simply on more resources in and of themselves, but on effective deployment of resources and the ability to attract and retain the best talent. This part of the discussion looked at potential components of the future economic crime enforcement workforce. The main discussion points were as follows:

#### 1. Gaps in Key Specialist Capabilities

Participants recognised that the rapid evolution in the scale and nature of the economic crime threat has not been matched with a commensurate deployment of specialist skills to match those of the criminals. Participants noted an urgent need to invest in specialist skills in key areas to complement the 'core' skills of financial investigators and detectives. Particular gaps in capability noted were in the field of specialist prosecutors, data scientists, cyber investigators, and crypto-asset experts.

#### 2. Retaining and Attracting Talent

The public sector struggles to compete with salaries in the private sector in the field of economic crime. This has led to a long-term problem with recruitment and retention of skills. Many participants saw an urgent need to deal with this issue, however some saw a need to accept the reality of the situation and recognise the benefits this has in terms of building private sector expertise, which can be deployed in the fight against economic crime.

However, participants agreed on the need to make economic crime a recognised vocation as a means of attracting the best talent. Ways of achieving this included building a better 'narrative' of how this work makes a difference (see above). However, a key priority discussed was greater 'professionalisation' of economic crime enforcement, through the establishment of professional qualifications accredited by academic or professional standards organisations (see below), alongside use of apprenticeship schemes and specialist under-graduate degrees.

#### POTENTIAL MODEL: PUBLIC-PRIVATE ACCREDITATION

One idea generated was that of establishing a new accreditation for tackling economic crime, overseen by an independent accreditation agency and applicable across the public and private sectors. This mirrors the approach taken in developing UK cyber security skills.

One suggestion was that accreditation for private sector participants could be dependent on semi-regular re-deployment on public sector or public-private projects as a pre-requisite for retaining the qualification. This could both help with public sector resourcing issues, as well as ensuring better mutual understanding of public and private sector ways of working and priorities.

#### 3. Salary top-ups and Specialist Pay-scales

While greater professionalisation plays its part, participants largely agreed that greater financial incentives were needed to reduce the one-way flow of economic crime investigators from the public

to the private sector. Participants noted that similar roles in the US did not suffer from retention issues due to the comparably more generous payrates and that a discussion on the potential for salary top-ups and specialist pay-scales was overdue, particularly if the profession is to attract new skills, such as cyber and data scientist roles.

Participants however recognised the difficulties of achieving this within existing fixed government pay scales and policing ranks. Here, again, some participants saw a role for creating a new recognised vocational profession with its own bespoke pay scales to encourage economic crime enforcement to be viewed as a viable, desirable, and long-term career option.

## CONCLUSION AND RECOMMENDATIONS

Clear common themes emerging were the need to first establish a clear, common vision for economic crime enforcement, grounded in a data-led approach and delivered by an enhanced workforce operating to common standards. However, some specific ideas emerged as viable options for further exploration under a second ECP.

It should be noted that these recommendations reflect the views of the authors rather than workshop participants.

**RECOMMENDATION 1:** A second ECP should establish a **clearer set of objectives and aims for economic crime enforcement** to guide prioritisation of activity and resourcing across agencies.

**RECOMMENDATION 2:** The second ECP should commit to scoping the development of an **economic crime data analytics hub**.

**RECOMMENDATION 3:** The Home Office should undertake a **study** on the potential applicability of the a **'centrally-controlled, locally-delivered' model** for economic crime enforcement.

**RECOMMENDATION 4:** The Home Office should commission an **independent review on the future role and remit of the NECC** under a new vision for economic crime enforcement.

**RECOMMENDATION 5:** Home Office and HM Treasury should undertake stakeholder consultation on establishing an **economic crime 'Innovation Fund'** funded by receipts from a variety of economic crime enforcement activity.

**RECOMMENDATION 6:** The government should consider establishing a **new national economic crime vocational qualification system**, applicable to both public and private sectors, and draw up guidelines for consultation on regular renewal of the qualification being dependent on public sector deployment.

**RECOMMENDATION 7:** The government should commission an **independent review of economic crime pay-scales**, including consideration of salary top-ups.