TRANSPARENCY INTERNATIONAL UK
fighting corruption worldwide

CORRUPTION IN THE UK

OVERVIEW AND POLICY RECOMMENDATIONS

Transparency International (TI) is the world's leading non-governmental anti-corruption organisation. With more than 90 Chapters worldwide, TI has extensive global expertise and understanding of corruption.

Transparency International UK (TI-UK) is the UK chapter of TI. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in the UK.

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Authors: Chandrashekhar Krishnan and Robert Barrington

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CONTENTS

SUMMARY

UK corruption health-check: growing threat, inadequate response

This research, the most extensive of its type ever carried out in the UK, suggests that corruption is a greater problem in the UK than is currently recognised. The research represents a 'corruption health-check' for the UK, in which the diagnosis is 'growing threat, inadequate response'.

The research suggests that we not understand the full extent of corruption in the UK and that we need a more coherent and joined up approach to tackling the problem. There is complacency and a lack of knowledge of the extent of corruption in key sectors and institutions. The policy response is incoherent and uncoordinated. This inadequate response has in certain areas created a culture of impunity.

Key pillars of the UK's national integrity system are robust but there are notable weaknesses. Some of our most trusted institutions are vulnerable; and there are inadequate procedures to detect and prevent corruption.

A particularly shocking finding is how the tentacles of organised crime increasingly extend to sectors and institutions where criminal activity and corruption are inextricably linked. The UK Border Agency, police and prison service have been targeted by organised criminals. Social housing is exploited by organised criminals to facilitate drug trafficking and prostitution, or to house illegal immigrants who are involved in such activities. The employment of illegal workers is regarded by the construction industry as the single biggest corruption threat to the sector as it damages fair competition. In each of these areas the corruption of key officials, often in the form of bribery, is a critical factor in allowing the wrong-doing to take place.

There is a particular danger that hasty institutional changes and cuts in specific areas of government expenditure may, as an unintended consequence, create an environment that greatly increases the risk of corruption.

However, there is a strong public antipathy to corruption, and this represents an opportunity for the government, civil society and the media to engage ordinary citizens more fully in the fight against corruption.

This overview report outlines particular concerns about corruption in many of our key national institutions, including: prisons, political parties, parliament and sport. It highlights 6 key themes and makes 14 general recommendations, in addition to sector-specific recommendations and recommendations for future research.

The key recommendation is that more action is needed by the Government to understand and combat the growing threat of corruption in key sectors of the UK, through a robust, coherent and coordinated response.

1. INTRODUCTION

Discussion in the UK about the problem of corruption often tends to assume, rather complacently, that it is a problem that exists in other countries, particularly in the developing world

Transparency International (TI) defines corruption as 'the abuse of entrusted power for private gain'. While this is not a legal definition, it serves to capture a wide range of unethical behaviour in the public, private and other sectors that is harmful to society. Discussion in the UK about the problem of corruption often tends to assume, rather complacently, that it is a problem that exists in other countries, particularly in the developing world.

In 2011, the UK will face unprecedented international scrutiny over its anti-corruption record. In addition to implementing a new Bribery Act, the UK is due to be reviewed under no fewer than three international anti-corruption instruments: the United Nations Convention Against Corruption (UNCAC), the OECD Anti-Bribery Convention, and the Council of Europe's Group of States against Corruption (GRECO).

Corruption is found in virtually all countries. However, due to a variety of circumstances, the problem is more acute in certain countries to the great detriment of the majority of their citizens. A key question facing the UK is whether such circumstances exist, or are in danger of being created, in the UK of 2011. This research represents a 'corruption health-check' for the UK, in which the diagnosis is 'growing threat, inadequate response'.

It is easy to forget or overlook how fortunate the citizens of the UK are to live in a country in which corruption is not widespread. In too many other countries, ordinary citizens' lives are made extremely difficult by corruption, and they detest it as much as the ordinary citizen of the UK. For those in a developing country who cannot access health care, education or even food and water without paying bribes, corruption is a daily problem. It is well-known that corruption arrests economic development, and it often remains entrenched because a rich and corrupt elite has a strong self-interest in retaining power.

For this reason, we place a premium on the existence of a robust 'national integrity system' which provide checks and balances to those in power, whether elected representatives, economic power, or power in other forms. Tone from the top is particularly important: if leaders in government, politics, business and elsewhere are perceived as corrupt, this has a corrosive effect throughout the system.

It is worthwhile noting that corruption has been a problem in the UK for much of its history and it was widespread in the 18th and early 19th centuries. Bribe-paying was common, and it is less than two hundred years since a seat in Parliament could easily be bought or given as a gift. We should therefore not believe that the UK is immune to corruption. The growth of strong institutions in a democratic framework has led to a significant decline in corruption, and the UK of today performs relatively well in international tables and indices on corruption. For example, the UK ranks as 20th out of 180 in the 2010 Corruption Perceptions Index (although this has declined from 11th place five years ago).

However, the lesson of other countries is that, if left unchecked, corruption can rapidly destroy a society. This is the inherent danger of complacency and lack of understanding of how corruption manifests itself. Important defences against corruption may be ignored or overlooked, which can open the door for corruption to flourish. When corruption is not checked, it creates a culture of impunity, in which those in power at all levels are able to act corruptly with little fear or danger of sanction. Once it takes hold, corruption feeds on itself, and can be extremely hard to reduce or eradicate.

Transparency International UK (TI-UK) has therefore set out to answer four questions about the picture of corruption in the UK of 2011:

- Is corruption a problem within the UK?
- If it is, how prevalent is it?
- Where and how does it manifest itself?
- Does the UK have an effective institutional framework to tackle corruption?

In order to find answers to these questions we have undertaken a major research project with three components:

- A National Opinion Survey, carried out by Gallup, whose findings are published as Part One in this three-part report;
- An assessment of corruption in key sectors in the UK, carried out by independent academics based at the University of Teesside(Part Two); and
- A report into the robustness of the UK's institutional defences against corruption, using the well-established National Integrity System (NIS) methodology, also carried out by independent academics based the University of Teesside (Part Three).

The objective of this project is both to examine where and how corruption happens in the UK, and review the existing structures in place to combat corruption and provide transparency and accountability.

This is the first time such extensive research on corruption in the UK has been undertaken. This document highlights key areas of concern and policy issues that, in TI-UK's view, require careful consideration by policy makers and wider public discussion. Given the paucity of research to date, the generally poor quality of data available, and the breadth of the subject, it is inevitable that we have been unable to cover some areas in depth. For example, we have examined prisons but not the private security sector; some areas of business but not all; and so on. Inevitably, one conclusion is that much more research is necessary. To some extent, our research is preliminary and likely only to represent the tip of an iceberg. Despite these restrictions, we feel able to present a set of evidence-based findings and recommendations based on solid research.

We hope that our findings will help to increase public and government awareness and stimulate constructive debate and action where it is most needed. We also hope they will encourage more research in areas that need more extensive study. Above all, we wish to send a clear message: corruption is flourishing in some parts of the UK; there is a high level of complacency; and in some areas, there is disturbing evidence of denial.

Our research

- Our research examined *twenty-three sectors and institutions* in the UK.
- *53.4% of respondents to our national opinion survey believe that corruption has increased* either a little or a lot in the UK in the last three years; only 2.5% of respondents believe that corruption has decreased either a little or a lot.
- *48.1% of respondents do not think the government is effective in tackling corruption*; just over one quarter of respondents (25.9%) feel the government is effective, and 25.9% are unsure.
- *92.7% of respondents would like to report corruption, but only 30.1% would know where to report it.*

Background information

- There are at least *12 different agencies or government departments* with partial responsibility for anti-corruption activities, plus more than 40 police forces, and it is unclear whether they are doing enough to share information and good practice on corruption prevention.
- A leaked Metropolitan Police investigation in 2006 estimated that there are around *1000 corrupt prison officers currently working*, with a further 600 officers being involved in an inappropriate relationship with a prisoner. However, the Blakey report for the National Offender Management Service barely mentioned corruption as a mechanism for smuggling drugs and other contraband into prisons.
- In 2009 alone, there were *10,090 prosecutions under the 2006 Fraud Act*, with no indication as to how many may have included some elements of corruption.
- In 2007, the Stevens Inquiry found that irregular payments had been involved in 17 football transfers.
- It is currently estimated that 38,000 people are involved in organised crime in the UK, and such activities cost the economy anywhere between £20 and £30 billion per year.
- Only 1.9% of respondents in our national opinion survey had paid a bribe in the past twelve months. Yet a 2006 survey for the construction sector found that *41% of respondents had personally been offered a bribe* at least once in their career.

2. GENERAL RECOMMENDATIONS

KEY RECOMMENDATION

More action is needed by the Government to understand and combat the growing threat of corruption in key sectors of the UK, through a robust, coherent and coordinated response.

We have identified the following general recommendations arising from the research as a whole. Recommendations for future research can be found in Annex I.

Awareness

1. Politicians, government, business and institutions throughout the UK *urgently need to understand and accept that corruption is a problem in key sectors in the UK* and must be tackled consistently and coherently.

2. Where appropriate, *Government departments and bodies*, particularly those with substantial procurement functions, *should have in place the type of 'adequate procedures' that are envisaged for the private sector under the Bribery Act*; for example, risk assessments should be carried out and key personnel should be given anti-corruption training.

Effectiveness of law enforcement

3. The Government needs to give a *consistent message of zero tolerance for corruption*, in all its departments and in all its dealings. The disparity between words and actions on the Bribery Act has sown confusion, and this is reflected in other areas. *Effective enforcement* of the Bribery Act, laws on money laundering, and related legislation, within a zero-tolerance framework, is the only way to fight corruption successfully.

4. *Adequate financial and human resources should be allocated* for the effective prosecution of bribery. Any changes to the institutional arrangements for the investigation and prosecution of bribery should not result in fewer resources for enforcement, a downgrading of the priority given to combating bribery and a fragmentation of responsibility for investigations and prosecutions among different agencies.

Increasing danger from organised crime

5. In particular, given the symbiotic relationship between *organised crime and corruption*, TI-UK recommends that a concerted effort should be made to *develop strategic co-operation* between UK Government departments, bodies and organisations charged with investigating and reducing corruption and those tackling organised crime.

Danger of dismantling of anti-corruption defences

6. The Government should *stop dismantling anti-corruption oversight structures* until it has properly examined the potential impact in terms of corruption, economic loss and discrimination against those that most need access to fair institutions. Any future accountability mechanisms must be designed to guard against corruption risks

7. In particular, this research leads TI-UK to be *seriously concerned at the proposed abolition of the Audit Commission* and that plans for its replacement seem ill thought-through. This should be put on hold until there has been proper consultation and a thorough assessment of alternative options for the auditing of local government and the NHS. Any future auditing mechanisms must be designed to guard against corruption risks.

8. Similarly, *plans to dismantle the Serious Fraud Office should be put on hold* and the Government should be transparent about its intentions and hold a public consultation on its proposals for re-organising the machinery for law enforcement against financial crime.

Urgent need for coordination

9. A *high-level policy response is needed* to tackle corruption more effectively, in the form of a Government strategy that would *coordinate anti-corruption activity and the sharing of information* across all Government departments, bodies and related institutions.

10. This could be achieved at little or no cost, for example, by *extending the remit of the Government's current overseas Anti-Corruption Champion to cover corruption within the UK*, acknowledging the links between overseas corruption and corruption within the UK. The Anti-Corruption Champion should provide an annual report to Parliament on how he/she is discharging this role.

11. The Government should conduct a *public consultation on whether the UK should have an independent agency* dedicated to combating overseas and UK corruption. Our three-part report shows that the problems are serious enough to justify a public consultation in the short term, without waiting for more research.

12. Government, civil society and the media need to be more *active in engaging citizens* in the fight against corruption. For example, our national opinion survey found a huge disparity between those willing to report corruption and those knowing where or how to report it.

Need for data and further research

13 *Data on corruption need to be collected and made publicly available*, for example in the NHS and social housing. At present, data are not collected, or are subsumed within other categories such as fraud, or are not publicly available.

14. Further *research is urgently required* into the scale, nature and prevalence of corruption in the UK in order to *assess the level of threat* more accurately and *design appropriate responses.*

3. WHY CORRUPTION MATTERS TO THE UK

As in any country, corruption in the UK has victims. However, they may be less apparent in the UK because they are part of marginalised groups in society or because the corruption operates in intangible ways and so the victims are not immediately clear

As in any country, corruption in the UK has victims. However, they may be less apparent in the UK because they are part of marginalised groups in society or because the corruption operates in intangible ways and so the victims are not immediately clear.

Academic research on corruption suggests that corruption damages both individuals who are immediately affected, and society as a whole, for example in holding back economic development and further excluding marginalised communities from the benefits of growth and opportunities for advancement.

Our research into corruption in the UK has identified the following broad impacts:

Category	Example
Direct damage to victims	Often those most marginalised, for example exploited immigrants or women trafficked into the sex industry.
Indirect damage to victims	Skewing the system in favour of those who are corrupt, for example criminals who manipulate social housing allocations, to the detriment of those most in need.
Direct economic damage to victims	Honest companies that cannot compete fairly against bribe-paying competitors and may lose revenues – also indirectly affecting jobs, investment and shareholder returns.
Indirect economic damage to victims	Higher local government expenditure due to unnecessary or inefficient procurement in construction projects, leading to increased Council Tax bills.
General damage to society	Undermining trust in government, democracy or parliament.
General damage to the economy	Economic damage caused by organised crime.
Exporting corruption and damaging overseas economies and societies	A UK company paying bribes overseas.

4. HOW CORRUPTION OPERATES IN THE UK

Corruption is at times against the law, and at times legal but unethical

Corruption is at times against the law, and at times legal but unethical. The MPs' expenses scandal, which resulted in few prosecutions, exemplifies this. From our research on corruption in the UK, and TI's experience beyond the UK, we have identified the following categories of corruption operating within the UK.

Category	**TI definition** *(From The Anti-Corruption Plain Language Guide, Transparency International, Berlin July 2009)*	**Potential example in the UK**
Bribery	The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, etc.).	Bribing immigration officials to facilitate people-smuggling; bribing an ancillary staff member at a prison to smuggle a mobile phone; bribing a sports player to fix the outcome of a match.
Collusion	A secret agreement between parties, in the public and/or private sector, to conspire to commit actions aimed to deceive or commit fraud with the objective of illicit financial gain. The parties involved often are referred to as 'cartels'.	Construction companies agreeing in advance what price each will bid for a government contract.
Conflict of interest	Situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society organisation, is confronted with choosing between the duties and demands of their position and their own private interests.	An official in a housing association who allocates properties unfairly to members of his/her extended family.
Cronyism or nepotism	Form of favouritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favour to a family member or friend, even though he or she may not be qualified or deserving.	An official in a local authority procurement department awarding a contract to someone who is related (nepotism) or as a favour (cronyism), possibly having leaked information about rival bids; a political party nominating as a member of the House of Lords an individual who is a large party donor.

Category	TI definition *(From The Anti-Corruption Plain Language Guide, Transparency International, Berlin July 2009)*	Potential example in the UK
Fraud	To cheat. The act of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise).	An MP who falsely claims to have lived in a house nominated as a second home, and is reimbursed for living expenses on that basis; a company employee who siphons off profits from a transaction into a personal bank account.
Gifts & Hospitality	Definition specifically for business transactions: 'They could affect or be perceived to affect the outcome of business transactions and are not reasonable and bona fide' [Source: Business Principles for Countering Bribery]	Increasingly lavish hospitality, such as tickets and hospitality at major sporting events, offered to a head of procurement at an NHS trust by a bidding company during a tender process; invitations to GPs to 'educational conferences' by drug companies where the purpose is to promote a product rather than health education.
Lobbying	Any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations and individuals.	A company paying for high-level access to senior government officials or ministers in order to influence legislation or regulation in the company's favour; lack of transparency from both company and government about the access and influence.
Money laundering	The process of concealing the origin, ownership or destination of illegally or dishonestly obtained money by hiding it within legitimate economic activities.	Funds from the president of a corrupt overseas country being placed in an account in a London-based bank, or routed through London to an off-shore destination; a solicitor who acts as an intermediary in a corrupt transaction.
Revolving Door	An individual who moves back and forth between public office and private companies, exploiting his/her period of government service for the benefit of the companies they used to regulate.	A former government minister taking a job with a company to which he or she awarded a contract while in office.
Abuse of authority or trading in influence	no official TI definition	An elected representative who can use his/her position to influence a planning decision, when they will either directly benefit from the decision or use it to create or repay a favour.
Illegal disclosure of information and misuse of IT systems	no official TI definition	A police officer disclosing the progress of an investigation to one of the parties being investigated.
Vote rigging	no official TI definition	A sporting body electing as its president someone who seeks to ensure their election by secretly dispensing or promising inappropriate favours.

5. HOW PREVALENT IS CORRUPTION IN THE UK?

Although corruption may not be widely prevalent in the UK, there is a disturbing state of complacency, and even denial, about the existence of the problem in key UK institutions and sectors

TI-UK's overall assessment from this three-part research project is that, although corruption may not be widely prevalent in the UK, there is a disturbing state of complacency, and even denial, about the existence of the problem in key UK institutions and sectors.

Unfortunately, there is a lack of awareness of corruption and it is often difficult to find relevant information. It is likely that many cases do not come to light because even when there are strong and credible allegations, without sufficient evidence cases are not taken forward by prosecutors and are unlikely to appear in the media. In some cases, information is uncoordinated, while in others it is simply unavailable. The combination of lack of awareness and lack of information make it difficult to reach firmer conclusions about the scale of corruption in the UK. For example, our national opinion survey (published as Part One of this three-part report) found that only 1.9% of respondents had paid a bribe in the past twelve months. Yet a 2006 survey for the construction sector found that 41% of respondents had personally been offered a bribe at least once in their career.

Based on our research, the prevalence (or otherwise) of corruption within institutions and sectors in the UK can be categorised in five ways:

- Institutions in which there are common practices that are widely perceived to be corrupt by the public, and fall into almost any definition of corruption. Examples are political party funding in exchange for favours and the entry of large party donors into the House of Lords.
- Institutions or sectors in which corruption is thought to be highly prevalent although not officially acknowledged as such, and in which there are therefore weak institutional defences. Examples are Prisons and Sport.
- Institutions that are at high risk of corruption, but about which there is little or no corruption information, for example Social Housing.
- Institutions or sectors which are at lower risk of corruption, but in which there is activity that is corrupt or perceived to be corrupt. An example is the media, whose good record in investigative journalism is counterbalanced by concerns over the concentration of ownership.
- Institutions in which there are robust defences against corruption and little or no suspicion of corruption. Examples are the Judiciary and Local Government Ombudsman.

Disturbingly, there is a sense that corruption in the UK is increasing. This was the public perception in our national opinion survey (Part One of this three-part report). It was also the view of some interview respondents, notably in the sphere of organised crime. The challenge for the UK is to contain corruption within those areas, and prevent them from spilling into and contaminating other areas of UK life.

Our overall conclusion about the prevalence of corruption in the UK is that

- The UK is institutionally robust – evidenced by the overall strength of the national integrity system.
- Bribery is uncommon, but other forms of corruption, ranging from the illegal to the unethical, are a problem in some sectors and institutions.
- There is growing threat of corruption, for example due to the growth in organised crime; the risk of corruption actually taking place is also increasing.
- There is a general public antipathy to corruption – evidenced by the 93% of respondents to our national opinion survey who said they would report an incident of corruption.
- However, there are some notable weaknesses in the national integrity system, and disturbing pockets of actual corruption in key institutions and sectors.

6. KEY CONCERNS AND CROSS-CUTTING THEMES

The general awareness at the level of government and senior decision makers seems to be low

We have identified the following key concerns and cross-cutting themes:

- Lack of awareness and understanding of corruption
- Effectiveness of future law enforcement
- The emergence of serious and organised crime as a driver of UK corruption
- The effect of dismantling oversight structures
- Lack of information and data
- Lack of coordination.

We have made several sector-specific recommendations, some of which are linked to our general recommendations in section 2 above.

6.1 LACK OF AWARENESS AND UNDERSTANDING OF CORRUPTION

An overall theme that emerges from the research is that there is a general lack of awareness and understanding of corruption as a problem, both within institutions and more generally.

Although our national opinion survey (Part One of the three-part report) found that one-third of respondents had suspected that corruption had taken place in a specific transaction, the general awareness at the level of government and senior decision makers seems to be low. Indicators of this are the poor institutional response, lack of data and proposed dismantling of several oversight structures.

The research team concluded:

'In the UK there seems to be a lack of awareness regarding the extent of corruption.'

'Our research indicates that there is very little understanding of the true levels of corruption in a number of areas....There can be a cyclical logic surrounding corruption that creates complacency. Often, there is an initial perspective that there is little hard evidence to suggest that corruption is a major problem in a particular sector, which can lead to other issues being given priority over corruption. As a result, instances of corruption may not be recorded as thoroughly as they should, which means that hard evidence is not collected, further consolidating the impression that there are no problems with corruption. It is extremely important, therefore, that there is no complacency over the potential problem of corruption in any of the areas we have identified.'

Such laws are only effective if they are properly enforced.

6.2 EFFECTIVENESS OF FUTURE LAW ENFORCEMENT

The UK has several laws and regulations that cover offences related to corruption. The most prominent of these is the new Bribery Act, which was passed by Parliament in April 2010 and will go into effect in July 2011. Other laws include the 2006 Fraud Act, the 2002 Proceeds of Crime Act, and anti-money laundering legislation. However, such laws are only effective if they are properly enforced.

Replacing antiquated laws dating back to Victorian times, the Bribery Act is a major step forward, particularly as it comes after a decade of procrastination, including the widely criticized termination of the Serious Fraud Office's (SFO) investigation of BAE Systems in 2006. It will provide a greatly improved legal framework for prosecuting bribery and make the UK fully compliant with the OECD Anti-Bribery Convention. However, TI-UK is concerned that parts of the 'Guidance' to companies on procedures to prevent bribery (in relation to Section 9 of the Act), which was published by the Government on 30 March 2011, undermine key features of the Act as passed into law by Parliament.

The investigation and prosecution of bribery can be complex, expensive, time-consuming and therefore relatively more resource-intensive than law enforcement in other areas. The issues of resources and the institutional arrangements for law enforcement against bribery are of increasing concern to TI-UK. The Financial Times recently reported that the SFO's budget is being cut by 26 % from £55 million to £39 million, with a further cut of 25 % expected.

It has been widely reported that the SFO is to be disbanded, with proposals that its investigative function be merged with a new National Crime Agency (NCA) (expected to be set up in 2013) and its prosecutorial function subsumed into the Crown Prosecution Service. Since the NCA (into which SOCA will be subsumed) is expected to have a mandate to focus chiefly on anti-terrorism, child protection and organised crime, there is a danger that the prosecution of bribery will be given a much lower priority. The separation of the investigatory and prosecutorial functions may also have an adverse impact on law enforcement against bribery.

Unfortunately, uncertainty about the future has led to the departure from the SFO of several senior prosecutors in recent months. Both this uncertainty, and a poor decision about what should replace the SFO, could have a very adverse effect on the UK's ability to investigate and prosecute companies under the Bribery Act.

TI-UK makes the following recommendations:

- Plans to dismantle the SFO should be put on hold and the Government should be transparent and hold a public consultation on its proposals for re-organising the machinery for law enforcement against financial crime;
- Adequate financial and human resources should be allocated for the effective prosecution of bribery. Any changes to the institutional arrangements for the investigation and prosecution of bribery should not result in fewer resources for enforcement, a downgrading of the priority given to combating bribery and a fragmentation of responsibility for investigations and prosecutions among different agencies.

A particularly shocking finding in our research is how the tentacles of organised crime extend to several UK sectors where criminal activity and corruption are inextricably linked

6.3 THE EMERGENCE OF SERIOUS AND ORGANISED CRIME AS A DRIVER OF UK CORRUPTION

A particularly shocking finding in our research is how the tentacles of organised crime extend to several UK sectors where criminal activity and corruption are inextricably linked. The UK Border Agency has been targeted by organised criminals, as have the police and the prison service. Social housing is exploited by organised criminals either to facilitate drug trafficking or prostitution, or to house illegal immigrants who are involved in such activities. The employment of illegal – and therefore cheaply-paid - workers is regarded by the construction industry as the single biggest corruption threat to the sector as it damages fair competition. In sport, the impact of organised crime is felt in match fixing and corruption in gambling, which is controlled almost exclusively from overseas organised gambling syndicates. In each of these areas the corruption of key officials, often in the form of bribery, is a critical factor in allowing the wrong-doing to take place.

One interview respondent told the research team "Corruption is an enabler, like violence and intimidation is an enabler. Criminals will use the lowest risk option, which is usually corruption. This can have a massive impact on the UK whether or not it takes place in the UK."

The Serious Organised Crime Agency (SOCA) has suggested the main goal for organised criminals is information, which can be used to expand criminal activity, secure and entrench existing networks and avoid detection. A SOCA analysis has highlighted how organised criminals seek to maintain corrupt relationships not just with those involved in "front line" law enforcement, but also with others in the criminal justice system. Officials in such organisations can potentially provide organised criminals with information on the prosecution case against them, or assist them in continuing their criminal activities from prison. According to SOCA, *"there are also examples of organised criminals cultivating corrupt relationships with central and local government officials in the UK and overseas, with accountants and with a range of other professionals"*[1].

It has been pointed out that *"the counter-organised crime and counter-corruption communities travel in separate, parallel universes"*[2]. While law enforcement agencies tackling organised crime use covert operations and intelligence, anti-corruption agencies and civil society are able to foster much more public engagement. *"The complementarity between 'hard,' decisive instruments of law enforcement and the norm-setting and influencing ability of the anticorruption apparatus is a valuable resource which is currently underutilized"*[3].

Recommendation

- TI-UK recommends that a concerted effort should be made to develop strategic cooperation between UK anti-corruption agencies/organisations and those tackling organised crime.

6.4 THE DANGERS OF DISMANTLING CURRENT OVERSIGHT STRUCTURES

In several areas, the existing oversight structure is about to be dismantled without a proper assessment of the consequences. In some areas, the oversight structure was specifically set up to prevent or investigate corruption; in other areas, that has been a by-product of a wider remit.

Of particular concern is the proposed abolition of the Audit Commission and certain provisions in the Localism Bill

Of particular concern is the proposed abolition of the Audit Commission and certain provisions in the Localism Bill.

However, other bodies are also due to be scaled back or dismantled, sometimes for budgetary reasons. These include the Serious Fraud Office and the Prison Service's Corruption Prevention Unit.

The research team noted:

'Standards for England and the Audit Commission are to be abolished; the Corruption Prevention Unit for the prison service has been reduced. Not only will this reduce investigatory capacity but also essential information gathering and dissemination capacity. The Audit Commission produces substantial amount of data on many different types of fraud and corruption which will now be lost.'

'Under the terms of the Localism Bill the entire local government integrity framework in England is to be abolished, including the Code of Conduct, which will revert to a voluntary code.'

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1. SOCA (2010) The United Kingdom threat assessment of organised crime, p.5
2. William Hughes and Mark Pyman, Organised Crime. The World Today, April 2011. Chatham House.
3. Ibid.

6.4.1 Local Government oversight

Two successive reports by the Committee on Standards in Public Life (CSPL) found that local government was the most tightly regulated area of UK public life and that standards of ethical conduct in local government were very high[4]. Although our research generally supports the CSPL's assessment, recent developments in England (rather than Scotland, Wales and Northern Ireland) could potentially create problems in years to come. Under section 3 of the Local Government Act 2000, oversight of standards in local government was granted to the Standards Board for England (subsequently renamed as Standards for England or SfE). The Local Government Act 2000 also established a statutory code of conduct for local councillors and a requirement for a local standards committee to be established in each local authority. These standards committees comprise elected members and independent members of the public.

SfE is to be abolished; the local government code of conduct will be made voluntary instead of statutory; and local standards committees will also be voluntary and stripped of their statutory duties

The coalition Government's Localism Bill seeks to change significantly the governance arrangements in English local government. One of its key features is the dismantling of the standards framework under section 3 of the Local Government Act: SfE is to be abolished; the local government code of conduct will be made voluntary instead of statutory; and local standards committees will also be voluntary and stripped of their statutory duties. The Localism Bill proposes increased powers for the local government ombudsman to deal with complaints from members of the public who feel that they have been disadvantaged by a councillor. The Bill also proposes a new law for serious misconduct by councillors.

The replacement of a statutory code by a voluntary code has attracted strong criticism from the CSPL, which has suggested that *"it is unrealistic to believe that in the absence of a code people will always be clear about the proper boundaries of conduct in public life"*[5]. The Localism Bill creates inconsistencies between England and the rest of the UK and will also lead to increased pressures on local government ombudsmen.

Recommendation

- TI-UK believes that the proposed abolition of Standards for England and introduction of a voluntary code of conduct for local government could have serious adverse consequences for ethical standards in English local government. TI-UK urges the Government to reconsider this aspect of the Localism Bill and assess its full implications more thoroughly.

6.4.2 Audit Commission

The Localism Bill also proposes the abolition by the end of 2012 of the Audit Commission, which is responsible for auditing local government and the NHS. The Audit Commission also undertakes significant work into the investigation of fraud and corruption in local government and the NHS, presenting its findings in the annual Protecting the Public Purse report. The report presents findings on corruption and fraud in housing benefit; council tax; local government procurement; and a broad range of other misbehaviour.

There has been insufficient public discussion and consultation on the decision to abolish the Audit Commission and the alternatives for auditing local government and the NHS. The coalition Government's favoured option is reported to be the transfer of audit to the private sector. Such an arrangement, however, could remove the division between consultancy services and audit and has raised concerns that the introduction of a local appointment process for auditors without appropriate checks and balances may result in conflicts of interests.

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4. Macaulay, M. and Lawton, A. (2006) 'Assessing the impact of the Committee for Standards in Public Life on local government', Parliamentary Affairs, 59, (3) pp. 474-490

5. http://www.public-standards.gov.uk/Library/31012011___Localism_Bill_Submission_to_Public_Bill_Committee.pdf

Recommendation

- TI-UK recommends that the proposed abolition of the Audit Commission should be put on hold until there has been proper consultation and a thorough assessment of alternative options for the auditing of local government and the NHS.

6.5 LACK OF INFORMATION AND DATA

Lack of information and data on corruption was a recurrent theme throughout the research. Even institutions that are highly vulnerable to corruption appear not to collect data, such as the prison service. Others, such as the NHS, only publish – and therefore probably only collect – data that aggregate several types of activity under the general heading of 'fraud'. It could be argued that as long as offenders are prosecuted, it does not matter how the offences are categorised. But if the data were disaggregated, we would have a better idea about how to prevent corruption offences from a public policy standpoint.

The lack of data is also an indication that corruption is not considered to be a problem, reinforcing our conclusion that there is a sense of comp-lacency

Apart from making the prevalence and scale of corruption difficult to assess, the lack of data is also an indication that corruption is not considered to be a problem, reinforcing our conclusion that there is a sense of complacency.

The research team observed:

'A ... limitation is access to information. Some organisations were very open whereas others simply pointed us to publicly available information. Such a limitation is understandable given the sensitive nature of much of the research and is a useful finding in itself. It suggests that some sectors are much more willing to admit that corruption is a problem and are willing to tackle it, whereas others do not even record cases comprehensively.'

'There are few prosecutions for corruption in the UK...However, these figures are not necessarily an accurate reflection of corruption prosecutions in the UK. Cases involving corruption are frequently charged and prosecuted under other offences. In fact, not one of the cases cited in this study was prosecuted under any of the corruption acts identified above. A range of different offences exist that can include elements of corruption. They include: fraud (particularly sections 3 and 4 of the 2006 Fraud Act); false accounting; perverting the course of justice; and the common law offence of misconduct in public office.'

'The problem is that potentially hundreds, if not thousands, of corruption cases go unreported because they are prosecuted as different offences. In 2009 alone, there were 10,090 prosecutions under the 2006 Fraud Act, with no indication as to how many may have included some elements of corruption.'

'While many people and organisations express concern that corruption exists, there is little evidence of a systematic and coordinated attempt to measure it.'

'This research has shown more clearly than ever that there are substantial gaps in our knowledge of UK corruption. This is due, in part, to the restricted nature of some information and often because there is no meaningful data at all. As a result many aspects of corruption remain unknown (eg social housing, low-level procurement).'

6.6 LACK OF COORDINATION: DOES THE UK NEED A DEDICATED ANTI-CORRUPTION AGENCY?

One interviewee in our research, a member of a law enforcement agency, said:

"I have no idea who fights corruption in the UK ... I don't see anybody taking a lead"

"I have no idea who fights corruption in the UK ... I don't see anybody taking a lead"

The UK does not have a single agency that is dedicated to combating corruption. This probably explains why, in our national opinion survey (published as Part One of this three-part report), while over 90% of respondents said they would like to report corruption if they came across it, only 30% knew where to report it.

There are at least 12 different agencies or government departments with partial responsibility for corruption, plus more than 40 police forces, and it is unclear whether they share information, collaborate on investigations, or share good practice on corruption prevention.

The myriad departments and agencies whose remits include an element of anti-corruption, include:

- law enforcement agencies (including Ministry of Defence (MoD) Police; HM Revenue and Customs; UK Border Agency (UKBA));
- law enforcement agencies with an explicit remit to tackle corruption (particularly the SFO, the Overseas Anti-Corruption Unit (OACU, which is based in the City of London Police Economic Crime Directorate) and SOCA);
- government departments with internal investigative capacity (Department of Works and Pensions; NHS; HM Prison Service);
- other non-departmental public bodies (Charity Commission; Standards for England);
- organisations such as the Audit Commission that have also conducted major corruption investigations into local authorities (e.g. Westminster Council, Doncaster council); and
- the more than 40 police forces in the UK.

During the past decade, there has been greater collaboration among some of these bodies. There have been many cases of joint investigations between the police, UKBA, NHS Counter Fraud Service, and others and also greater information sharing through, for example, the memorandums of understanding between the police and the Independent Police Complaints Commission; the prison service and the police; and the Sports Betting Integrity Unit and sporting bodies. Our research team suggest that this 'patchwork quilt' has improved since we last examined it in 2004.

However, despite greater inter-agency collaboration, there is still no institutional focal point to provide leadership and it is arguable that the dispersal of responsibility among so many organisations leads to duplication of effort and makes it difficult to develop an overall, consistent and coherent strategy for tackling corruption.

Despite greater inter-agency collaboration, there is still no institutional focal point to provide leadership

There are important arguments for and against having a dedicated anti-corruption agency (ACA). Evidence from other countries suggests that the existence of an anti-corruption agency is not enough to combat corruption successfully, and indeed that many anti-corruption agencies "fail to reduce public sector venality in all but a few special circumstances"[6]. ACAs are only likely to be successful when their work is driven by firm political will, and the ACA is underpinned by full independence. Perhaps most interestingly for the UK, evidence suggests that ACAs are most successful when they have legislation that is robust enough to deal with the problem[7].

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6. John R. Heilbrunn (2005) Anti-Corruption Commissions: Panacea or Real Medicine to Fight Corruption? The International Bank for Reconstruction and Development /The World Bank

7. Meagher, P. (2005). 'Anticorruption Agencies: Rhetoric Versus Reality'. Journal of Policy Reform, 8,1

On the positive side, the advantages of having an ACA include stronger leadership and visibilityfor anti-corruption efforts, greater public awareness of the impacts of corruption and a reductionin duplication of effort and greater consistency in the implementation of anti-corruption effortsin different sectors.

At present, the Secretary of State for Justice, Kenneth Clarke, has the role of Anti-Corruption Champion, but this is confined to combating overseas corruption. The Secretary of State has described his role in these terms: "I will be working closely with colleagues across departments, devolved administrations, law enforcement, prosecution authorities and regulatory agencies to ensure a coherent and joined-up approach to combat international corruption. The champion role sends out a clear message that the UK coalition government will not tolerate bribery or corruption and that we will work together to stamp out these practices across the board." However, very few details are available about how this role is being implemented and there is no Ministerial Anti-Corruption Champion to deal with corruption within the UK.

The Secretary of State for Justice, Kenneth Clarke, has the role of Anti-Corruption Champion, but this is confined to combating overseas corruption

There are many links between overseas corruption and corruption within the UK. As noted earlier, organised crime that has foreign links is engaged in corrupt activity in several sectors. Combating money laundering has both domestic and foreign dimensions. And policies articulated with a primary focus on domestic issues, have important implications for combating overseas corruption. For example, the recent decision to relax immigration rules for individuals who bring income/investment of £5-10 million into the UK, may have implications for enforcing anti-money laundering regulations in relation to Politically Exposed Persons that have not been assessed.

There are many links between overseas corruption and corruption within the UK

TI-UK makes the following recommendations:

- Given the links between overseas corruption and corruption within the UK, the role of the Government's Anti-Corruption Champion (ACC) should be extended to cover corruption within the UK. The ACC should provide an annual report to Parliament on how he/she is discharging this role.
- The Government should conduct a public consultation on whether the UK should have an independent agency dedicated to combating overseas and UK corruption.

7. SUMMARY OF RESEARCH FINDINGS

7.1 STRENGTH OF THE UK'S NATIONAL INTEGRITY SYSTEM

The national integrity system (NIS) is a methodology developed by TI to analyse the effectiveness of a country's institutions in preventing and fighting corruption. It has been applied in more than 100 countries. The UK National Integrity System study (Part Three of this three-part report) assesses 12 institutional pillars in terms of their ability to act as effective bulwarks against corruption and support good governance. Each of these is assessed against a series of criteria, and then rated on a scale of **very weak > weak > moderate > strong > very strong**. The results were:

Pillar	Example
Electoral Management Body	Very Strong
Judiciary	Very Strong
Ombudsman	Very Strong
Business Sector	Strong
Civil Society	Strong
Executive	Strong
Law Enforcement Agencies	Strong
Media	Strong
Public Sector	Strong
Supreme Audit Institution	Strong
Legislature	Moderate
Political Parties	Moderate

What is notable in our National Integrity System is that although it is robust overall, there are some clear areas of weakness

The research team finds that, on the whole, the UK has a robust national integrity system. It has a well-established electoral democracy with strong political, social and economic foundations.

Since the last NIS study of the UK undertaken in 2004, there have been considerable improvements such as in law enforcement, with an increase in collaboration between anti-corruption bodies.

However, what is notable in our National Integrity System is that although it is robust overall, there are some clear areas of weakness. The research team found particular weaknesses in certain areas and that some areas were less weak but far from being strong.

Areas of particular weakness

Pillar	Area of weakness/question asked
Legislature	Integrity: To what extent is the integrity of legislators ensured in practice? Legal Reforms: To what extent does the legislature prioritise anti-corruption and governance as a concern in the country?
Executive	Accountability: To what extent is there effective oversight of executive activities in practice? Integrity: To what extent is the integrity of members of the executive ensured in practice?

Areas assessed as less weak but still far from being strong

Pillar	Area of weakness/question asked
Legislature	Independence: To what extent is the legislature free from subordination to external actors in practice? Transparency: To what extent can the public obtain relevant and timely information on the activities and decision-making processes of the legislature in practice? Accountability: To what extent do the legislature and its members report on and answer for their actions in practice? Executive oversight: To what extent does the legislature provide effective oversight of the executive?
Executive	Legal system: To what extent does the executive prioritise public accountability and the fight against corruption as a concern in the country?
Law enforcement	Resources: To what extent do law enforcement agencies have adequate levels of financial resources, staffing, and infrastructure to operate effectively in practice?
Ombudsman	Promoting good practice: To what extent is the ombudsman active and effective in raising awareness within government and the public about standards of ethical behaviour?
Supreme Audit Institution	Integrity: To what extent is the integrity of the audit institution ensured in practice? Detecting and sanctioning misbehaviour (law and practice): Does the audit institution detect and investigate misbehaviour of public officeholders? Improving financial management (law and practice): To what extent is the SAI effective in improving the financial management of government? *(Continued over page)*

Pillar	Area of weakness/question asked
Political Parties	Independence: To what extent are political parties free from unwarranted external interference in their activities in practice? Transparency: To what extent are there regulations in place that require parties to make their financial information publicly available? Transparency: To what extent can the public obtain relevant information from political parties? Accountability: To what extent is there effective financial oversight of political parties in practice? Role: To what extent do political parties aggregate and represent relevant social interests in the political spheres? Role: To what extent do political parties give due attention to public accountability and the fight against corruption?
Media	Accountability: To what extent can the media be held accountable in practice? Integrity: To what extent is the integrity of media employees ensured in practice?
Civil Society	Resources: To what extent do CSOs have adequate funds to function and operate effectively?
Business	Role: To what extent is the business sector active in engaging the domestic government on anti-corruption? Supporting and engaging Civil Society: To what extent does the business sector engage with/provide support to civil society on its task of combating corruption?

There is a strong likelihood that corruption is prevalent in several areas, reinforced by a culture of complacency

The Assessment of Key Sectors (Part Two in this three-part report), designed to complement the formal pillars examined in the NIS, covered seven sectors alongside summaries of recent research into the Construction Sector, the City of London, local government and the UK Border Agency:

- **Police**
- **National Health Service (NHS)**
- **Legal profession**
- **Prison service**
- **Social housing**
- **Procurement**
- **Sport**

Overall, the research team concluded that there is a strong likelihood that corruption is prevalent in several of these areas, and this is reinforced by a culture of complacency, exemplified by a the lack of data, turning a blind eye to problems, and the downgrading or dismantling of oversight mechanisms in several areas.

7.2 PERCEPTIONS OF CORRUPTION IN THE UK

The in-depth research reveals a more nuanced picture than the national opinion survey (published as Part One in this three-part report). In some cases, perceptions recorded in the opinion survey are supported by the detailed research. In others, there is less evidence to support views held by the public.

Our NIS study (Part Three of this three-part report) reveals that the strongest institutional pillar is the judiciary, which has a long tradition of independence and openness. This is consistent with the high degree of public trust in the judiciary recorded in our national opinion survey. The NIS study also reveals that the two weakest institutional pillars are the legislature and political parties. Again, this is consistent with views held by the UK public in our national opinion survey. Conversely, our study found little evidence to support the widespread public perception that local government is a particular source of corruption in the UK.

However, public perceptions are extremely important. If public trust is lost in key institutions, space is created for alternative and informal mechanisms to be created which may themselves be more prone to corruption.

Two findings stand out in the national opinion survey, which polled 2,000 people in England, Scotland and Wales during 2010:

- There is a strong perception of corruption among political parties and Parliament, allied with a lack of trust in the government to fight corruption; and
- Although many people suspect that corruption may have taken place on particular occasions, and an overwhelming majority would like to report it, comparatively few people would know where to report it.

A strong perception of corruption among political parties and Parliament, allied with a lack of trust in the government to fight corruption

Some other key findings were as follows:

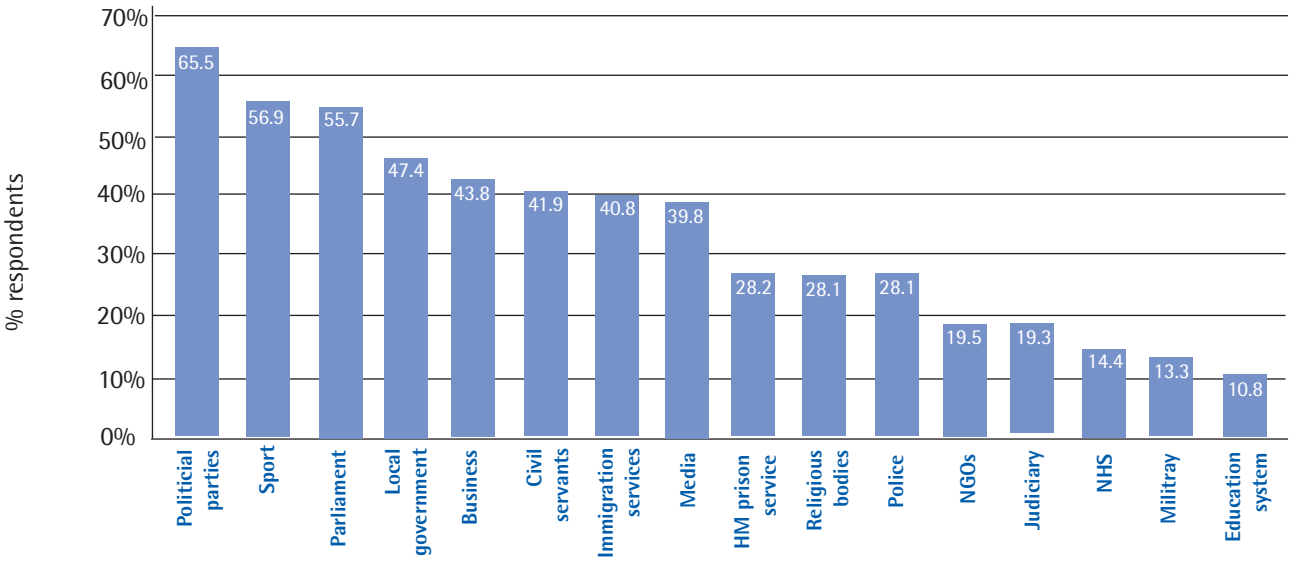
Prevalence of corruption

- 53.4% respondents believe that corruption has increased either a little or a lot in the UK in the last three years; only 2.5% of respondents believe that corruption has decreased either a little or a lot.
- 58.9% of respondents say they have never been affected by corruption in the UK; 27.9% don't know if they have been affected; and 13.7% say they have been affected.
- 41.8% replied no to the question 'Have you ever suspected that corruption has taken place in a specific occasion or transaction in this country?' 33% did suspect that corruption had taken place and 25.3% did not know.

Concern over specific institutions

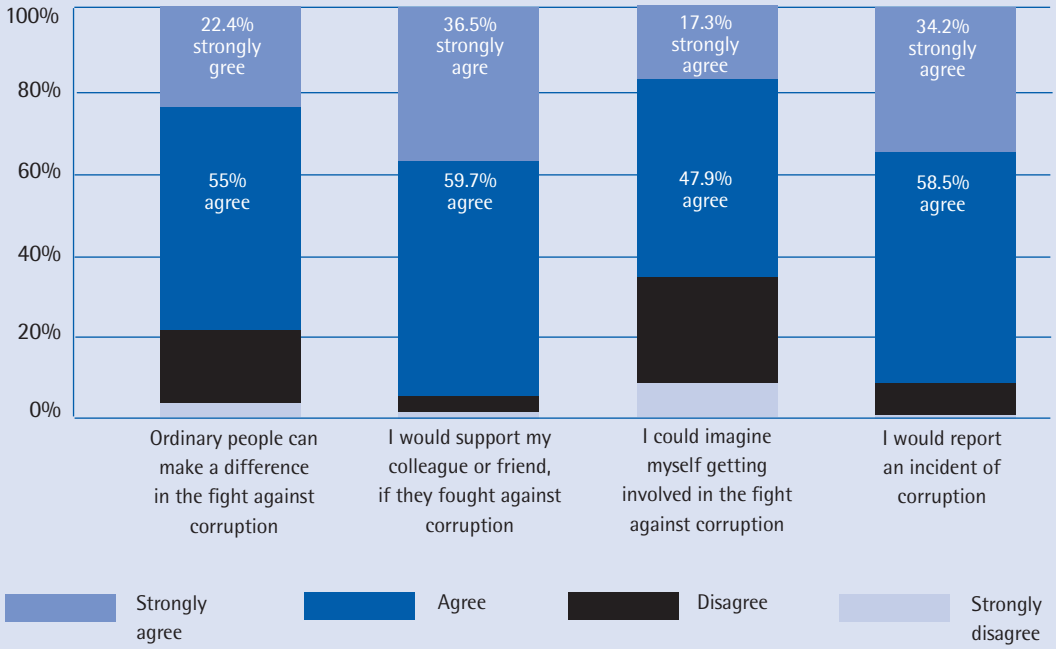
- Lack of confidence in government is reflected in the finding that just over one quarter of respondents (25.9%) feel that the government is effective in tackling corruption. 48.1% do not think the government is effective, and 25.9% are unsure.
- Respondents were asked to suggest how corrupt they perceive specific sectors to be. Political parties are perceived as the most corrupt, followed by professional sport and Parliament. The education system, military and NHS are perceived as the least corrupt.

To what extent do you perceive the following categories in this country to be affected by corruption?



Citizen action

- 92.7% of respondents would like to report corruption, but only 30.1% would know where to report it
- 96.2% said they would support a colleague or friend if they fought against corruption
- 77% believe that ordinary people can make a difference in the fight against corruption.



Our research examined twenty-three sectors and institutions in the UK

7.3 CORRUPTION IN KEY SECTORS AND INSTITUTIONS

Our research examined twenty-three sectors and institutions in the UK. In this overview we have picked out some cross-cutting themes and key concerns. There are observations and recommendations pertinent to each of the sectors analysed, in Parts Two and Three of this three-part report.

However, four institutions or sectors stand out as having particular problems, and we believe these should be a priority for action. Tone from the top is particularly important: if leaders in government, politics, business and elsewhere are perceived as corrupt, this has a corrosive effect throughout the system. The four areas with particular problems are:

- Parliament
- Political parties
- Prisons
- Sport

7.3.1 Parliament

The UK parliament in Westminster, has a plethora of integrity and accountability mechanisms, notably the Parliamentary Commissioner for Standards; the Parliamentary Ombudsman; the Committee on Standards and Privileges; and registers of interest in both the House of Commons and House of Lords. The Independent Parliamentary Standards Authority was established in 2009 as a body independent of Parliament to administer and monitor a new system for MPs expenses. However, it is arguable that some of these mechanisms are not working as well as they should, and that the Nolan Principles of Public Life have been cast aside in the aggressive cut and thrust of modern day politics. This would explain the number of recent scandals that have emerged, notably in relation to MPs' expenses and the Derek Conway affair (which led to charges of nepotism in Parliament), and continuing worries over lobbying and the access of interest groups to MPs.

There are also concerns over the culture of Parliament, which integrity and account-ability mechanisms alone cannot resolve

Such scandals have led to suggestions that Parliament is not particularly effective in dealing proactively with problems of ethics and corruption. There are also concerns over the ethical culture of Parliament, which integrity and accountability mechanisms alone cannot resolve. One option is for Parliament's integrity and accountability mechanisms to undergo an independent review.

The revolving door is a further issue which has discredited Parliament in recent years (this has been examined by TI-UK is a separate report published in May 2011: *'Cabs for Hire? Fixing the Revolving Door Between Government and Business'*). The March 2010 scandal in which several MPs and former Ministers offered their influence and contacts to journalists posing as representatives of a potential corporate employer interested in hiring them for lobbying work, has exacerbated concerns about whether the revolving door between government and the private sector is undermining trust in government, because of the potential for conflicts of interest.

The revolving door becomes most problematic when there is a possibility that former Ministers and MPs engage in lobbying. There is a need to tighten the regulation of lobbying in the context of post-public employment as well as more generally. Although arguments can be made that the future employment of elected MPs should not be regulated, some MPs do have considerable access to power – for example, those who have previously served as Ministers, and chaired select committees.

TI-UK makes the following recommendations:

- Independent review

The Committee on Standards in Public Life (CSPL) should undertake a review in 2012 of the effectiveness of Parliament's key accountability and integrity mechanisms.

- Revolving door:

The Independent Parliamentary Standards Authority should draw up post-public employment rules for MPs, taking into account differences in the incidence of conflict-of-interest risk between various roles, and being sensitive to the job insecurity that elected MPs face. Consideration of this issue should be linked to an examination of the remuneration of MPs.

- Lobbying:

A mandatory register of lobbyists should be set up as soon as possible together with the introduction of legislation on lobbying to ensure that disreputable companies cannot evade regulation.

7.3.2 Political Parties

Concerns about the funding of political parties and election activities focus on two major issues: first, the transparency of donations and the relationship of donors to politicians; and, second, the accountability of current funding structures. Interestingly these debates are not new, and were addressed in considerable detail by Sir Hayden Phillips, whose 2007 review suggested that donations should be capped and that political parties should receive public funding. However, Sir Hayden's dialogue with the major political parties on his recommendations was inconclusive and this issue is now the subject of an enquiry by the CSPL.

"There is a widespread perception that donations to parties can buy influence or position"

Although the Political Parties Elections and Referendums Act 2000, the Electoral Administration Act 2006 and the Political Parties and Elections Act 2009 have lead to greater transparency in political party funding, the UK is one of the few industrial democracies that does not have a ceiling on donations to political parties. The so-called 'arms-race' approach to election spending, combined with decreasing party and trade union membership, puts financial pressure on politicians and parties. A high dependence on very large individual donations has resulted, increasing the risk of corruption and exacerbating public unease about donors' influence over politicians.

A 2006 enquiry into the state of Britain's democracy found that "there is a widespread perception that donations to parties can buy influence or position. It is clear that a system of party funding that relies increasingly on very sizeable donations from a handful of wealthy individuals or organisations creates an environment in which the perception spreads that democracy can be bought."[8] In our national opinion survey (Part One of this three-part report), respondents were asked to rank several scenarios as a possible example of corruption. 86% of respondents thought that 'a seat in the House of Lords for a businessman who has made large donations to a political party' was potentially corrupt, the highest score for any of the scenarios.

In 2006, TI-UK undertook research into the issue of political party funding, and our recommendations remain valid. **In the interests of reducing the vulnerability of political party funding to corrupt practice TI-UK recommends:**

- The introduction of a cap of £10,000 on donations (per donor per year) to political parties (this is much lower than the £50,000 recommended by the Phillips Review);
- A lower ceiling (compared to the current one of £19 million) on overall election spending by parties at the national level; and
- Research into the impact of any increase in state support for political parties.

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8. 'Power to the People' An independent Inquiry into Britain's Democracy - the Centenary project of the Joseph Rowntree Charitable Trust and the Joseph Rowntree Reform Trust, March 2006.

7.3.3 Prisons

A recent report stated:
"There appears to be a huge degree of either indifference or complacency towards the issue within the Prison Service and the Ministry of Justice"[9].

"There appears to be a huge degree of either indifference or complacency towards the issue within the Prison Service and the Ministry of Justice".

The research team noted:
'Prisons are at significant risk because corruption has been consistently overlooked by policy makers at the highest level... The recent Justice Committee review on the role of prison officers did not mention corruption as an issue at all... Organised crime and corruption have a symbiotic relationship in the prison service, one that benefits both criminals and – in terms of achieving KPIs – the prisons themselves...Threats and intimidation are particularly prevalent among new prison officers who have the benefit of a mere eight weeks' training...Other staff outweigh the number of actual officers, and are also likely to be approached by a potential Corruptor... ancillary staff have even less training available to them against the problem of manipulation. We were informed that such members of staff receive a single hour's worth of training in the form of a DVD from the US.'

A leaked Metropolitan Police investigation in 2006 estimated that there are around 1000 corrupt prison officers currently working, with a further 600 officers being involved in an inappropriate relationship with a prisoner. However, the Blakey report for the National Offender Management Service barely mentioned corruption as a mechanism for smuggling drugs and other contraband into prisons.

There are around 1,000 corrupt prison officers currently working

Corruption in prisons has two related aspects. First, corruption may take place in the prison. Statistics are had to come by, but the extent of smuggling drugs and mobile phones indicates the nature and scale of the problem. Secondly, and perhaps more seriously, access to mobile phones and collusion by corrupt staff allows some inmates to continue their involvement in organised crime while serving their sentences.

Our research team demonstrates that the prison service has a significant problem with smuggling (particularly drugs and mobile phones) and although the official explanation is that such contraband is brought inside prison by family and friends, there is considerable evidence to suggest that it also enters the prison environment through corruption.

Key risk areas in the prison service that make it particularly vulnerable to corruption are: the enclosed prison environment; the prevalence of organised crime; the lack of training and support to prison officers; perverse incentives for performance management regimes; and a reduction in capacity for corruption prevention work.

It is particularly disturbing that organised criminals appear to have an entrenched foothold in prisons and in such cases corruption becomes symbiotic: criminals get the things they need to run their criminal activities and in return they behave themselves, which, perversely, has a positive impact on prison Key Performance Indicators.

Against this background, it is alarming that corruption risks have been routinely ignored by policy makers and the prison service has reduced its capacity to monitor and investigate corruption: its corruption prevention unit has recently had its budget and numbers of staff reduced and its Chief Executive has retired, without being replaced.

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9. Chambers, M (2010) Coming clean: combating drugs misuse in prison (London: Policy Exchange) p. 27

TI-UK believes that the high corruption risks in the prison service warrant sustained attention by policy makers at the highest level. It recommends that:

- The Home Office should commission an independent assessment of corruption risks in the prison service and its relationship with organised crime in order to identify priority areas for reform.
- The prison service's corruption prevention unit's financial and human resources should be restored to previous levels with a new Chief Executive appointed to provide effective leadership.

Sporting connections provide legitimacy and social status to criminals, as well as potentially lucrative contacts for criminal activities in the future. Sport also provides a channel for overseas organised criminals to increase their activities in the UK while remaining relatively undetected

7.3.4 Sport

In recent years, prominent cases of corruption such as match fixing in snooker, spot fixing in cricket, cheating in rugby; and irregular payments associated with the transfer of players between football clubs have probably encouraged the UK public to see sports as the second most corrupt sector in the country. This impression has been reinforced by the recent scandals over corruption in horse racing and in FIFA.

Our research suggests that corruption in sport is a complex area that cannot easily be assessed. The types of corruption that have been detected include relatively low level cheating; spot fixing; match fixing; use of illegal drugs; vote rigging; and bribery. Corruption is manifested as corruption within sporting institutions (such as the allegations facing FIFA) and corruption relating to sporting outcomes (such as match fixing), which is often related to gambling.

Responses to corruption are dependent on the sport in question and the type of corruption found. There is little co-ordination in terms of cross-sport responses, with self-regulation the usual mechanism for dealing with corruption.

The diverse range of cases demonstrates the problem of self-regulation in sport and the difficulty of regulating against international corruption. In the case of match fixing and spot fixing, the evidence overwhelmingly suggests that the root of corruption occurs overseas. Many sports have close links with organised crime both within and outside the UK. Connections between organised crime and sport go back many decades and the links between several very high profile Premiership footballers and high-level organised criminals remains a well documented phenomenon[10]. Sporting connections provide legitimacy and social status to criminals, as well as potentially lucrative contacts for criminal activities in the future. Sport also provides a channel for overseas organised criminals to increase their activities in the UK while remaining relatively undetected.

The creation of the Sports Betting Integrity Unit (SBIU) in 2010 to tackle corruption in the UK gambling industry is a significant initiative as it demonstrates that cross-sport bodies can be created when a real threat is recognised. The SBIU is part of the Gambling Commission, which has powers under the Gambling Act 2005 to prosecute corruption cases, although the majority of investigations are referred to the relevant sport's governing body, with a small number passed on to the Crown Prosecution Service. As of September 2010 seventy-four cases had been closed, forty of which had been passed to the relevant governing body. Approximately one third of the cases (twenty-four) involved football.

Recommendation

- There should be a full independent enquiry into corruption in UK sport commissioned by the UK governing bodies of major sports, with a view to setting up a coordinated response to corruption across all UK sports.

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10. Johnson, G (2006) Football and gangsters (London: Mainstream)

8. CONCLUSION

We set out to answer four questions. Our overall conclusions are set out below.

1. Is corruption a problem within the UK?

Overall, our conclusion is that corruption is a greater problem in the UK than is recognised by government policy responses. Although there are many areas of excellence, both legally and institutionally, there are also sectors of the UK, including sport and Parliament, in which corruption is a significant problem. Since the problems that exist are often unrecognised, the response is inadequate or there exists a culture of impunity. For every institution or agency that recognises the problem of corruption and makes an effective effort to tackle it, there is another, facing the same degree of corruption risk, that ignores it. The corruption problem in the UK is therefore two-fold: that it exists within a framework of complacency and impunity, and that the policy response is patchy and uncoordinated.

2. If it is, how prevalent is it?

Our research has shown that the prevalence of corruption, which is always difficult to measure, is particularly hard to assess within the UK. This is because the collection of official data and statistics does not usually reference corruption, and where data are collected, what might be categorised as corruption is often hidden under more general headings such as fraud. Our assessment is that it would be incorrect to say that corruption is prevalent in the UK. However, it is correct to say that in some sectors of the UK, such as construction and in prisons, corruption is prevalent.

3. Where and how does it manifest itself?

Our research suggests that bribery is relatively unusual in the UK, although in the institutions and sectors in which corruption is a particular risk, bribery is more common – for example, the construction sector and prisons. Bribe-paying is likely to be more frequent in activities associated with organised crime, and may increase if the corruption associated with organised crime is not checked. In general, corruption in the UK takes forms other than bribery, but is nevertheless damaging. For example, cronyism and conflicts of interest are common forms of corruption. On the basis of our research, we have concluded that some specific areas in which corruption is a major issue of concern are: political parties; prisons; sport; and Parliament. A strong theme in much of our research has been the role of organised crime in stimulating and exacerbating corruption in the UK.

4. Does the UK have an effective institutional framework to tackle corruption?

In our institutional analysis, we found that the UK's pillars of 'national integrity' are generally strong. However, within several pillars there are notable areas of weakness. An over-riding concern is that parts of the institutional framework that provides a defence against corruption, and the policy response to corruption, are at risk of becoming degraded.

ANNEX ONE: RECOMMENDATIONS FOR FUTURE RESEARCH

The research team noted:

'There are ... areas we have not had the chance to cover in this research, such as agriculture, the pharmaceutical industry and so on. It is clear, however, that even within the different areas we have looked at, there are a myriad different types of corruption. Future research must look at creating a more subtle and nuanced picture. It is hoped that the findings in this report will be used as a foundation for such studies.'

We make the following recommendations for future research.

1. Future research on UK corruption needs to contain an analysis over time (longitudinal study) and take into account the current changes (particularly within the public sector). It should focus on changes to the police service; local government; the NHS; and social housing.
2. Such analyses over time should pay particular attention to the possible lack of capacity from lower resources, and the perverse incentives that some performance management regimes seem to offer.
3. Further research should be conducted into corruption in the legal profession, in order to investigate the mismatch between the perception that corruption is an issue and the small number of cases recorded by legal bodies.
4. The scale of low-level procurement corruption is currently unknown. Research should therefore be undertaken to gain a fuller understanding of its extent, from which anti-corruption strategies can be developed.
5. Corruption in sport needs to be researched in a systematic and rigorous way. The research must take into account the sheer varieties of sport, and the myriad ways corruption manifests itself, noting the difference between corruption in sporting institutions and corruption relating to sporting outcomes.
6. An analysis over time should be conducted to evaluate the medium and long-term impacts of the 2010 Bribery Act on firms in the City of London.
7. To gain a better understanding of UK prosecutions, cases involving fraud, misconduct in public office, etc. need to be researched and re-categorised to see if (and how many) include some elements of corruption.
8. Research should be conducted into the impact of corruption in the UK, notably on the poor and in marginalized communities.
9. Further research should be conducted into sectors not covered by this report. These may include agriculture, several business sectors such as private security and waste management, and the financial system.
10. More detailed research should be conducted into each of the four countries of the UK, as well as regional variations or differences within England.
11. Research should be undertaken into the impact of any increase in state support for political parties.

Transparency International UK
32-36 Loman Street,
London SE1 0EH
Tel: 020 7922 7906
Fax: 020 7922 7907
info@transparency.org.uk
www.transparency.org.uk