

# UK ANTI-CORRUPTION GUARANTEE SCHEME

## 1-0: SUMMARY

The Anti-Corruption Global Summit in London on 12th May 2016 is an opportunity to:

- explain policies and positions
- review progress
- define and refine action points

It could also be the perfect platform to progress bold policy innovations such as an anti-corruption guarantee scheme, blockchain technology in beneficial ownership registers and geotagged bitcoin micropayments direct to beneficiaries to minimise cost, diversion and writedowns.

The UK Civil Service has a well deserved reputation on corporate governance and leading roles in external transparency initiatives such as the Open Government Partnership<sup>1</sup>, the International Aid Transparency Initiative<sup>2</sup>, the Extractives Industries Transparency Initiative<sup>3</sup> and the Open Contracting Data Standard.

David Cameron reminded the world in July 2015 that a focus on less corruption would support global growth:

<https://www.gov.uk/government/speeches/tackling-corruption-pm-speech-in-singapore>

*“Think of all our efforts to drive global growth. And then consider the fact that corruption adds 10% to business costs globally and that cutting corruption by just 10% could benefit the global economy by \$380 billion every year – substantially more than was estimated for the entire Doha Trade Round.”*

A nominal cost anti-corruption guarantee scheme could:

- signal confidence in civil servants and the wider public sector
- support evidence based reform and encourage additional reforms
- increase existing cross-border transaction flows
- prompt, accelerate or sway inward investment and employment decisions

## 1-1: AUTHOR

Graeme Jones

founder

[openmindedly](http://openmindedly.com)

open data | open government | open banking

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<sup>1</sup> <http://www.opengovpartnership.org/>

<sup>2</sup> <http://iatiregistry.org/>

<sup>3</sup> <https://eiti.org/>

## [LinkedIn Profile](#)

A unique blend of diverse expertise:

- Legal Compliance role at an offshore corporate register
- Group IT role at a wealth manager with 20+ group offices
- Deputy Money Laundering Officer role at a wealth manager with 8 group offices
- policy analyst at parliament with special interests in open government, financial services and online gambling
- first secondary publisher approved to upload government datasets to the global aid flow database and progressed the bitcoin XBT currency code to support direct micropayments to beneficiaries
- an international director of the Royal Chartered IT professional body
- co-founder in an #anticorruption fintech startup: [banknotey](#)

## 2-0: CONTEXT

Any corruption has significant impact.

In 1994, GBP 2.4 million was recovered from a former civil servant in the Ministry of Defence but 450 jobs had already been lost at Royal Ordnance in Lancashire and potentially more could have been recovered because GBP 3.57 million had passed through one bank account:

<http://www.independent.co.uk/news/uk/civil-servant-who-enjoyed-life-of-luxury-on-proceeds-of-corruption-chris-blackhurst-traces-the-1438729.html>

In 2011, a civil servant in Singapore defrauded SGD 12 million (GBP 6.1 million) from the government:

<http://www.bbc.co.uk/news/world-asia-16301515>

## 2-1: CONCEPT

Key points:

- cases of corruption in the UK Civil Service are already low
- future potential liability would be expected to be equally low or pushed lower with scheme awareness
- the government has a legal power to seize the lifetime pension assets of any civil servant prosecuted and convicted on corruption
- a headline guarantee up to GBP 1 million could be varied by department and by government
- a pooled fund
- capped liability with risk management options (below)

The scheme includes risk management options to minimise financial risk, for example:

- a real time link to the compensation level that would ratchet down and up based on any claims
- risks defined and refined by risk specialists
- pension assets as an excess
- a percentage cap on captive insurance
- private sector reinsurance

The scheme could become an international template to other countries and introduced into the least corrupt and/or most important sections of any government.

It could be a unique component of a UK Aid country strategy.

### **3-0: NEXT STEPS**

- progress as a discovery phase project
- request statistics
  - forfeiture certificates -- perhaps as a Freedom of Information request
- analyse relevant legislation
- consider backdated claims
- solicit private feedback from frontline anti-corruption specialists such as Global Witness, Christian Aid, etc. via the Anti-Corruption Summit
- solicit private feedback from UK Aid re country strategy process
- solicit private and/or public feedback from other governments via the Open Government Partnership
- refine the scheme

## APPENDIX A: BIBLIOGRAPHY

2010: UK National Fraud Authority

<http://www.eurim.org.uk/activities/psd/A-fresh-approach-to-combating-fraud-in-the-public-sector.pdf>

2011: UK Cabinet Office -- Eliminating Public Sector Fraud

<https://www.gov.uk/government/publications/eliminating-public-sector-fraud-counter-fraud-ta-sforce-interim-report>

2013: National Audit Office -- Confiscation Orders

<https://www.nao.org.uk/wp-content/uploads/2013/12/10318-001-Confiscation-Book.pdf>

2014: UK Anti-Corruption Plan

<https://www.gov.uk/government/publications/uk-anti-corruption-plan>

## APPENDIX B: LEGISLATION

### UK: FORFEITURE

1993 chapter 48: Pension Schemes Act 1993

<http://www.legislation.gov.uk/ukpga/1993/48/contents/enacted>

1995 chapter 26: Pensions Act 1995

<http://www.legislation.gov.uk/ukpga/1995/26/contents/enacted>

2002 chapter 29: Proceeds of Crime Act 2002

<http://www.legislation.gov.uk/ukpga/2002/29/contents>

2013 chapter 25: Public Service Pensions Act 2013

<http://www.legislation.gov.uk/ukpga/2013/25/contents>

2013 SI 2356: Local Government Pension Scheme Regulations 2013

[http://www.legislation.gov.uk/uksi/2013/2356/pdfs/uksi\\_20132356\\_en.pdf](http://www.legislation.gov.uk/uksi/2013/2356/pdfs/uksi_20132356_en.pdf)

2014 chapter 19: Pensions Act 2014

<http://www.legislation.gov.uk/ukpga/2014/19/contents>

2014 SI 512: Teachers Pension Scheme Regulations 2014

<http://www.legislation.gov.uk/uksi/2014/512/contents/made>

2014 SI 1964: Public Service (Civil Servants and Others) Pensions Regulations 2014

<http://www.legislation.gov.uk/uksi/2014/1964/contents/made>

#### **research: disclosures to persons not prescribed**

2014 SI 2418: Public Interest Disclosure (Prescribed Persons) Order 2014

<http://www.legislation.gov.uk/uksi/2014/2418/contents/made>

2015 SI 1407: Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2015

<http://www.legislation.gov.uk/uksi/2015/1407/contents/made>

2015 SI 1981: Public Interest Disclosure (Prescribed Persons) (Amendment) (No 2) Order 2015

<http://www.legislation.gov.uk/uksi/2015/1981/contents/made>

#### **research**

Royal Prerogative of Mercy (UK Royal pardon) and the statutory pardon (UK Act of Parliament or an order-in-council)

#### **excluded from scheme consideration: reference to forfeiture not relevant**

1968 chapter 60: Theft Act 1968

<http://www.legislation.gov.uk/ukpga/1968/60/enacted>

**excluded from scheme consideration: unlawful killing**

1982 chapter 34: Forfeiture Act 1982

<http://www.legislation.gov.uk/ukpga/1982/34>

**excluded from scheme consideration: no reference to forfeiture**

2015 chapter 25: Pension Schemes Act 2015

<http://www.legislation.gov.uk/ukpga/2013/25/contents>