

Report into the underperformance of the Assets Recovery Agency

New research suggests that the Assets Recovery Agency launched by the Prime Minister in a blaze of publicity, actually costs four times more to run than it recovers each year.

Since inception the agency has cost the taxpayer approximately **£60 million**, but has only managed to strip criminals of assets worth **£8.3 million**.

Introduction

Since its inception in 2003 the Assets Recovery Agency's raison d'être has been to ensure that crime doesn't pay for criminals. It is a noble cause – but the Government has not given the ARA the necessary tools to be as effective as we would all want it to be. As a result the British public is paying for yet another underperforming government agency which is currently failing to achieve value for our money.

Assets Recovery Agency learns that fighting crime doesn't pay

The statistics below demonstrate how, despite the hype surrounding the Prime Minister's launch of the ARA, criminals are still not having their assets acquired through their criminal activity and illegal enterprises confiscated. This report aims to highlight the minimal impact that the ARA is having across Britain and calls on the Government to make the necessary changes to allow the ARA to get on with the job it was established to do.

The following figures and graphs expose the magnitude of the ARA's underperformance.

Table 1**Assets Recovery Agency: Value of realised assets received from civil recovery/tax cases**

| Period | Total (£) | England and Wales (£) | Northern Ireland (£) |
|---------|---------------------|-----------------------|----------------------|
| 2003-04 | — | — | — |
| 2004-05 | 4,142,285.32 | 3,688,998.65 | 453,286.67 |
| 2005-06 | 4,338,513.01 | 3,567,952.56 | 770,560.45 |

According to Parliamentary Answer of 11th May 2006

Table 2**Assets Recovery Agency: Type of realised assets**

| Asset Type | Value realised 2004-05 (£) |
|--------------|----------------------------|
| Cash | 3,837,000 |
| Houses | 300,000 |
| Vehicles | 5,000 |
| Total | 4,142,000 |

According to Parliamentary Answer of 8th June 2006

- Home Office were unable to provide a breakdown of 2005-06 figures.

Table 3**Value of cash forfeitures and confiscation orders obtained for the period 01/04/05 to 31/12/2005**

| Force | Individual police force recovery | Regional Asset Recovery Teams contributions (not part of ARA) | Asset Recovery Agency contributions | Revised total |
|---------------------------------|----------------------------------|---|-------------------------------------|---------------|
| Avon and Somerset Constabulary | 817,220.47 | 53,353.00 | 84,000.00 | 954,573.47 |
| Bedfordshire Police | 238,146.76 | — | — | 238,146.76 |
| British Transport Police | 100,480.00 | — | — | 100,480.00 |
| Cambridgeshire Constabulary | 204,313.66 | — | — | 204,313/66 |
| Cheshire Constabulary | 793,780.02 | — | — | 793,780.02 |
| City of London Police | 1,178,371.26 | 307,802.28 | — | 1,486,173.54 |
| Cleveland Police | 187,331,34 | 99,162.00 | — | 286,493.34 |
| Cumbria Constabulary | 131,332,04 | — | — | 131,332.04 |
| Derbyshire Constabulary | 313,305.11 | — | — | 313,305.11 |
| Devon and Cornwall Constabulary | 855,578.42 | — | 17,000.00 | 872,578.42 |
| Dorset Police | 953,272.47 | — | — | 953,272.47 |

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|------------------------------|---------------|--------------|--------------|---------------|
| Durham Constabulary | 288,533.06 | 650,000.00 | — | 938,533.06 |
| Dyfed-Powys Police | 87,083.45 | 109,871.00 | — | 176,954.45 |
| Essex Police | 543,273.28 | — | — | 543,273.28 |
| Gloucestershire Constabulary | 277,488.02 | — | — | 277,486.02 |
| Greater Manchester Police | 4,380,658.06 | 77,975.00 | 1,500.00 | 4,460,133.06 |
| Gwent Police | 176,142.99 | 12,945.07 | — | 189,088.06 |
| Hampshire Constabulary | 676,090.49 | — | — | 676,090.40 |
| Hertfordshire Constabulary | 488,030.39 | — | — | 488,030.39 |
| Humberside Police | 109,819.90 | 1,805.00 | — | 111,624.90 |
| Kent Police | 1,150,761.50 | — | — | 1,150,761.50 |
| Lancashire Constabulary | 912,178.47 | 2,626,603.86 | 448,307.43 | 3,987,089.76 |
| Leicestershire Constabulary | 862,768.41 | — | — | 862,768.41 |
| Lincolnshire Police | 575,529.15 | — | — | 575,529.15 |
| Merseyside Police | 2,280,592.87 | 926,619.79 | — | 3,187,212.66 |
| Metropolitan Police Service | 15,724,615.70 | 2,023,620.24 | 1,796,000.00 | 19,544,235.94 |

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|-------------------------------------|---------------|--------------|------------|---------------|
| NCS | 13,928,665.28 | — | — | 13,928,665.28 |
| Norfolk Constabulary | 3,335,048.98 | — | — | 3,335,048.98 |
| North Wales Police | 598,373.97 | — | — | 598,373.97 |
| North Yorkshire Police | 279,915.49 | — | — | 279,915.49 |
| Northamptonshire Police | 514,869.23 | 41,640.00 | — | 556,509.23 |
| Northumbria Police | 271,638.42 | — | 209,000.00 | 480,638.42 |
| Nottinghamshire Police | 448,822.33 | — | — | 448,822.33 |
| Police Services of Northern Ireland | 302,370.92 | — | 160,000.00 | 462,370.92 |
| South Wales Police | 306,501.28 | 4,757,638.85 | — | 5,064,140.13 |
| South Yorkshire Police | 997,344.15 | 143,298.32 | — | 1,140,642.47 |
| Staffordshire Police | 576,800.64 | 159,238.22 | — | 736,038.86 |
| Suffolk Constabulary | 579,204.82 | — | — | 579,204.82 |
| Surrey Police | 470,913.79 | — | — | 470,913.79 |
| Sussex Police | 1,982,343.00 | — | — | 1,982,343.00 |
| Thames Valley Police | 630,896.12 | — | — | 630,896.12 |

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|--------------------------|----------------------|----------------------|---------------------|----------------------|
| Warwickshire Police | 24,567.10 | 219,125.00 | — | 243,692.10 |
| West Mercia Constabulary | 1,175,363.25 | 17,500.00 | — | 1,192,863.25 |
| West Midlands Police | 3,004,222.92 | 216,757.63 | 35,000.00 | 3,255,980.55 |
| West Yorkshire Police | 2,985,974.50 | 365,705.48 | — | 3,351,679.98 |
| Wiltshire Constabulary | 418,691.24 | — | — | 418,691.24 |
| Total | 67,099,242.72 | 12,810,660.74 | 2,750,807.43 | 82,660,710.89 |

Table 3 shows that in the latest financial year, up until end December 05, a total of £82.6m of assets were recovered from criminals. However a mere £2.75m was collected by the Assets Recovery Agency itself.

The Government's response

The Government states that the ARA is making an effective contribution towards the recovery of criminal proceeds and it would be wrong to say that the agency has made no difference whatsoever. What is clear though is that it needs to be provided with the proper tools to allow it to do its job properly.

The Government makes much about the number of cases under investigation and the fact that £68.45 million¹ worth of assets are subject to freezing orders. Freezing orders are certainly a useful tool – but what the Government has failed to address is the ability to actually recover these frozen assets. Applying a freezing order is one thing – selling off the proceeds of crime for the benefit of the public is quite another.

In addition, the Government has previously blamed legal challenges to the agency's powers for its lacklustre performance. These legal challenges have arisen because of the government's insistence on incorporating Human Rights legislation into British law.

¹ According to Parliamentary Answer of 18th April 2006

Examples of the Assets Recovery Agency's underperformance

The minimal impact that the ARA has made in various areas is striking.

- Since inception the agency has cost the taxpayer approximately £60 million, but has only managed to strip criminals of assets worth £8.3 million².
- Out of the total £82.6 million of cash forfeitures and confiscation orders achieved by Britain's law enforcement agencies between 1st April 2005 and 31st December 2005, the Assets Recovery Agency has only contributed £2.7 million to that figure.
- Regional Asset Recovery Teams are not part of the Assets Recovery Agency and are funded separately by the Home Office. The £12.8 million that these teams contributed to the £82.6 million total cannot be attributed to the Assets Recovery Agency.
- One of the ARA's key performance indicators (KPI) is to recover assets equivalent to its annual budget. However, whilst its budget was £17.8 million in 2004/05 - the value of realised assets in that year was only £4.1million. The agency's 2005/06 budget is considerably larger - £19.8 million - but so far it has only recovered £4.3 million.
- The Assets Recovery Agency has made no contribution to the value of cash forfeitures and confiscation orders in 36 constabulary areas in 2005/06.
- In Wales the Assets Recovery Agency has failed to make a single contribution to the amount of cash and assets seized by Wales' four police forces in 2004/2005.
- In 2004-05 the Assets Recovery Agency recovered only £5,000 of vehicle(s).

² According to Parliamentary Answer of 25th April 2006

Conclusions

The Assets Recovery Agency was launched amidst much fanfare and was hailed as a major part of a coordinated assault on crime. The fanfare has now faded and disappointment with the Government has set in for it is clear that they have failed to smooth the way for the agency to do its job.

The sponsor of this report MP Grant Shapps supports the efforts of the Assets Recovery Agency and its goal of ensuring that crime doesn't pay – but it is clear that ARA is not being as effective as it could be. As the figures in this report demonstrate – the agency has failed to meet several of its key targets and is nowhere near to meeting its target to recover assets equivalent to 100 per cent of its budget. It is currently recovering less than 25% of its own running costs.

Commenting on the report, Grant Shapps said “What we have is an Assets Recovery Agency announced with a fanfare of publicity by the Prime Minister, yet the reality is that it's costing us nearly £20m to run, whilst it's only recovering little over £4m each year. A combination of human rights legislation and the failure of the government to give the Assets Recovery Agency teeth means that the Agency is costing us four times as much to run than it recovers.”

“This report puts further pressure on the Government to get a grip of its law and order policies and give the Assets Recovery Agency the ability to hit criminals where it hurts.”