

Project Clean Up: Unite's interim report into allegations of historical corruption

General Secretary orders independent inquiries

- Before her election as General Secretary **Sharon Graham promised to investigate all allegations of corruption** surrounding the Birmingham hotel and conference centre. (p3)
- Once elected, she commissioned an independent valuation of the Birmingham project which showed that, **despite the building costing over £110 million** (according to the Bowdery report), **it was only worth £35 million.** (p16-17)
- In April 2022, **South Wales Police raided Unite HQ** as part of an investigation into Affiliated Services Contracts run by a Unite senior official. (p42)
- The General Secretary commissioned **five independent investigations into Birmingham and Affiliated Services.** (p15)
 - Including an inquiry into Birmingham costs by construction barrister **Martin Bowdery KC**; an independent legal report into potential criminality; forensic accounting reports by Grant Thornton; and a legal report into failures with Unite's governance by Bark & Co.
- She also instructed a **full re-audit of Unite's 2021 accounts by BDO.** (p15, p45-46)
- Due to ongoing police enquiries, these reports cannot yet be published in full. For transparency, Unite is publishing this redacted Interim Report to share as much information as possible with members. (p42)

Birmingham Hotel overcharge of at least £30 million

- The investigation by Martin Bowdery KC found that the Union had been **overcharged at least £30 million by the main contractor** on Birmingham. (p17)
- This has led to a **£66 million impairment in the 2021 accounts**, according to the re-audit by BDO auditors. (p17, p45-46)
- The overcharging included numerous unexplained bills, for example: the cost for holes in blockwork walls **should have been £91,000 according to the original estimate, but Unite was charged £1.3 million.** (p18-19)
- The Main Contractor was hired with **no competitive tendering process.** Len **McCluskey signed the contracts**, overruled Unite staff who raised questions, and overruled Unite's lawyers (Slater Heelis) who advised against the contracts. (p17, p22, p23, p27)
- An investigation of Unite emails shows that directors of the Main Contractor were **"good friends" with former General Secretary, Len McCluskey.**

- **The Main Contractor arranged football final tickets and travel by private jet for Len McCluskey.** (p31-32)
- An independent investigation by forensic accountants identified that Unite made **“very unusual” payments to the Main Contractor including advance payments or loans of up to £500,000** (Note: *this happened in 2015, and is not linked to the Birmingham development*). (p28-29)
- Len McCluskey has argued that decisions were made by the former Finance Director (who died in 2020) without his knowledge, and that high costs were **justified by the use of union labour**. Unite officials at the time could not find any evidence of this. (p30-31)
- Len McCluskey says he was informed that costs had reached at least £90 million in late 2019. (p22) A senior Unite official was sent three emails with a report detailing spiralling costs (at that point £98 million) in March 2020 (although the senior official denies reading it.) The overrun was reported to the Union’s Executive Council in January 2021, after the story was broken by *The Times*. (p25)

Police investigation into Affiliated Services

- **Another former senior employee is subject to a live police investigation about the Affiliated Services contracts.** (p42)
- **South Wales Police (SWP) have told Unite not to publish** information from the investigations into Affiliated Services. (p42-44)
- The police letter (included in the Interim Report) explains that a **five year police investigation is ongoing into bribery, fraud and money-laundering**, with a team of ten investigators from HMRC as well as SWP. Ten suspects have now been interviewed under caution, some multiple times. (p42-44)

Union Governance

- **The independent governance report by solicitors Bark & Co. identifies how potential wrongdoing was enabled by an “ask no questions” culture.** Those that did raise concerns were isolated. (p45)
- A culture of favouritism may have enabled wrongdoing and misuse of Unite members’ funds. Loyalty was ensured through access to jobs and promotions, through the “United Left”(UL) faction. (p51)
- As Bark & Co. conclude, the **UL’s “dominance” of union structures** including the Executive Council may well explain why there was little real scrutiny of the escalating costs and other issues. (p50)
- The re-audit of the 2021 accounts by BDO comes to a similar conclusion. The auditor concludes that there was a **“pervasive fraud environment”** under the Len

McCluskey leadership, in which “*dominant personalities and a weak control environment facilitated opportunities to commit fraud.*” (p45-46)

- Since launching the Investigations, the current General Secretary has been subjected to a campaign of unacceptable tactics, including intimidation, and being targeted by online smear campaigns typically using anonymous and fake accounts. (p55-6)

Actions and Next Steps

- Alongside the independent investigations, the **General Secretary has already taken steps to make sure this never happens again.** Including: a new qualified Finance Director and professional accounting team; a new gifts policy for all employees; the first ever Procurement manager and new procurement rules. (p60)
- Next step is the appointment of a Democracy Commission, from the Shop Steward base, which **will make recommendations to overhaul the union’s governance.** (p60-61)