

Debate Pack

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Economic crime enforcement resourcing

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Summary

A Backbench Business Committee debate on a [motion on economic crime enforcement resourcing](#) is scheduled for Thursday 7 July 2022 in the House of

Commons Chamber. The debate will be led by Kevin Hollinrake MP and Dame Margaret Hodge MP.

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Introduction

Background

Economic crime covers a range of activities involving money, finance or assets, which has the purpose of unlawfully obtaining a profit or advantage or causing loss to others.¹ Obvious examples are fraud, money laundering and bribery.

It is difficult to assess the extent of economic crime in the UK. But the National Crime Agency said in 2020 there was a “realistic possibility” that money laundering alone in the UK was hundreds of billions of pounds annually.² The Treasury Select Committee said in its February 2022 Economic Crime report that economic crime was “rapidly growing”.³

Because of this, the UK has developed a reputation as being a global hub for dirty money. In February 2022 campaign group Transparency International estimated that £6.7 billion of “questionable funds from around the world” has been invested in UK property since 2016.⁴ The Intelligence and Security Committee’s (ISC) July 2020 “Russia” report noted that London in particular was considered a “laundromat” for corrupt money.⁵

The UK’s [now-suspended](#) investor visa scheme, light touch regulation, strong capital and housing markets, and strong rule of law and judicial system are all cited by the ISC as factors making the UK a magnet for illicit money.⁶

Government action

The Government says it recognises that economic crime in the UK “is a significant and ever-changing threat to the UK”⁷. In July 2019-22 it published an Economic Crime Plan in partnership with the private sector (trade body UK finance), containing 52 actions. As at 13 May 2022 the Royal United Services Institute said only 46% of these actions had been completed, with a further 15% in progress.⁸ The Government has committed to renew the Economic Crime Plan, and intends to publish the new plan later in 2022.⁹

¹ HM Government, [Economic Crime Plan](#), para 1.12

² National Crime Agency, [National Strategic Assessment of Serious and Organised Crime 2020](#), para 160

³ Treasury Committee, [Economic Crime, Eleventh Report of Session 2021-2](#), 2 February 2022, Summary

⁴ Transparency International, [Stats reveal extent of suspect wealth in UK property and Britain’s role as global money laundering hub](#), 18 February 2022

⁵ Intelligence and Security Committee of Parliament, [Russia](#), July 2020, para 50

⁶ See section 2.1 of our briefing [Countering Russian influence in the UK](#) for more information

⁷ HM Treasury, [Economic Crime Levy consultation](#), 21 July 2020

⁸ RUSI, [Economic Crime Plan Online Tracker](#), last updated 13 May 2022

⁹ Question [UJN 754](#), tabled on 11 May 2022

The February 2022 Russian invasion of the Ukraine gave the Government a renewed sense of urgency in tackling economic crime. In March 2022 the Government fast-tracked the [Economic Crime \(Transparency and Enforcement\) Act 2022](#) through the Parliament. The Act's main measure – introducing a beneficial ownership register of overseas entities owning UK property – had been first announced by Prime Minister David Cameron in 2016.¹⁰ The May 2022 Queen's Speech contained proposals for a fresh "Economic Crime and Corporate Transparency Bill" including reform of Companies House and limited partnerships, powers to seize crypto-assets from criminals, and information sharing on money laundering.¹¹

The Government has also announced the formation of a dedicated "Kleptocracy Cell" in the National Crime Agency, to "ensure that those seeking to bypass the severe economic sanctions announced against Russia...will be caught and punished."¹² In March 2022 this new Cell seized a superyacht in Canary Wharf said to belong to a Russian national.¹³

How the police respond to economic crime

Local police forces are responsible for investigating economic crime and fraud cases but there are also three policing bodies with national functions for tackling economic crime and fraud.

The National Economic Crime Centre

The [National Economic Crime Centre](#) (NECC) is a unit within the National Crime Agency (NCA) that coordinates the UK's response to economic crime. The NCA is an independent, non-ministerial department [funded](#) directly by Parliament with additional funding for ring-fenced projects from Government departments. The NECC works with partners to prioritise and task criminal and civil economic crime investigations and disseminate intelligence to enforcement agencies.

The City of London Police

The City of London Police (CoLP) is the [lead force for fraud](#) and sets the national fraud policing strategy.¹⁴ As such many aspects of the economic crime law enforcement landscape can fall within their remit. The force receives two annual grants from the Home Office to carry out these duties. In 2020/21 the CoLP received £2.5 million from the Home Office to carry out its

¹⁰ Prime Minister's Office, [PM hosts major summit as part of global drive to expose, punish and drive out corruption](#) (press release), 12 May 2016

¹¹ Prime Minister's Office, [Queen's Speech 2022: background briefing notes](#), p81

¹² Various Government department, [Government takes landmark steps to further clamp down on dirty money](#), 28 February 2022

¹³ National Crime Agency, [£38 million superyacht Phi detained in Canary Wharf](#), 29 March 2022

¹⁴ In collaboration with the National Police Chiefs Council. See: [National Policing Fraud Strategy 2019-22](#) (PDF)

duties as the national policing lead for fraud and £10.5 million to run the nationwide system for reporting fraud.¹⁵

The Serious Fraud Office

The Serious Fraud Office (SFO) investigates a small number of large complex economic crime cases in England, Wales, and Northern Ireland. The SFO has a core budget which is supplemented as necessary by additional funding from the Treasury Reserve. This additional funding is only available for those cases where in year costs are above £2.5m.¹⁶

Local and regional response: local police forces

Local police forces are responsible for investigating most cases of fraud and economic crime. Forces have operational independence to choose whether to launch and continue investigations into cases relating to economic crime and fraud based on the available evidence and their resources.

Individual police forces take different approaches to handling economic crime and fraud. Some have dedicated teams which investigate fraud specifically, others have teams that specialise more widely in economic crime which they allocate fraud cases to, and some forces have no specialist resource for fraud or economic crime.

Regional Economic Crime Teams (based in Regional Organised Crime Units) can assist local forces with investigating complex cases. The teams focus on investigations that target organised crime groups and involve money laundering and economic crime. Neighbouring forces pool their resources to fund and administer these units (with additional funding from Home Office grants). There are nine in England & Wales but their capacity is “extremely limited” and the level of investment in staffing the economic crime teams within them is inconsistent.¹⁷ PCCs, and police chief officers hold the units to account.

Enforcement resourcing

In representations to the Backbench Business Committee about this debate, Kevin Hollinrake noted in April 2022 that “Roughly 40% of all crimes are economic crimes, yet less than 1% of police resources goes to tackling them”. With the passage of the Economic Crime (Transparency and Enforcement) Act earlier this year, and a further Economic Crime Bill expected in the 2022-23 (i.e. current) parliamentary session, he noted that “The legislation is there, but the enforcement is absolutely not there”. He therefore requested a debate

¹⁵ City of London Police, [Funding](#), [last accessed 6 July 2022]

¹⁶ Serious Fraud Office, [About us](#), [last accessed 6 July 2022]

¹⁷ NPCC, [National Policing Fraud Strategy 2019-22](#), p7; HMICFRS, [Regional Organised Crime Units: An inspection of the effectiveness of the Regional Organised Crime Units](#), 18 February 2021

on “the resources we need and the Government’s plan” for ensuring enforcement agencies had what they needed to tackle the problem.¹⁸

On 30 June 2022 the Foreign Affairs Committee of the House of Commons published a report titled “The cost of complacency: illicit finance and the war in Ukraine”. The report criticised the “fundamental mismatch between the resources of law enforcement agencies and their targets”, calling on the Government to “increase substantially funding and expert resourcing”.¹⁹ The Treasury Committee’s February 2022 Economic Crime report concluded that economic crime “seems not to be a priority for law enforcement” and the Government needed to “ensure that law enforcement agencies are appropriately resourced”.²⁰

In an article in The Times on 1 July 2022, Conservative MP Paul Maynard (a member of the Justice Select Committee) criticised the Serious Fraud Office in particular for having “a fundamentally flawed culture in an organisation whose failures are systemic”.²¹

An “Economic Crime Manifesto” published in May 2022 by the All-Party Parliamentary Groups on Fair Business Banking (co-chaired by Kevin Hollinrake) and Anti-Corruption & Responsible Tax (chaired by Margaret Hodge) said that “law enforcement agencies are outspent and outgunned by criminals and the corrupt”, criticising “real terms declines” in “Key UK national-level agencies”.²² Campaign groups Transparency International²³ and Spotlight on Corruption²⁴ also say more resourcing of law enforcement is needed.

The Government says it has developed a “sustainable funding model that demonstrates its commitment to tackling economic crime”.²⁵ It also notes that it has introduced a new Economic Crime Levy to raise approximately £100 million per year from the private sector to help fund anti-money laundering and economic crime reforms.²⁶

¹⁸ Backbench Business Committee, [Representations: Backbench Business](#), 19 April 2022

¹⁹ Foreign Affairs Committee, [The cost of complacency: illicit finance and the war in Ukraine](#), 30 June 2022, Summary

²⁰ Treasury Committee, [Economic Crime, Eleventh Report of Session 2021–2](#), 2 February 2022, Summary

²¹ The Times, [Serious failings of the SFO undermine the UK’s reputation](#), 1 July 2022

²² APPGs on Fair Business Banking and Anti-Corruption & Responsible Tax, [Economic Crime Manifesto](#), March 2022, pp10-11

²³ Transparency International, [Economic crime manifesto echoes experts’ calls for reform](#), 12 May 2022

²⁴ Spotlight on Corruption, [Closing the UK’s economic crime enforcement gap: Proposals for boosting resources for UK law enforcement to fight economic crime](#), January 2022

²⁵ Treasury Committee, [Economic Crime: responses to the Committee’s Eleventh Report](#), 28 April 2022, p6

²⁶ See our Commons Library briefing [Autumn 2021 Budget: Economic Crime \(Anti-Money Laundering\) Levy](#)

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Press notices

[Foreign Affairs Committee report highlights the true cost of government inaction on illicit finance](#)

House of Commons All Party Parliamentary Group on Anti-Corruption and Responsible Tax

1 July 2022

The Foreign Affairs Committee just published a damning report: '[The cost of complacency: illicit finance and the war in Ukraine](#)'. It sets out a sad indictment of the state of affairs of our economic crime response, and proposes a series of measures for the Government to tackle the scourge of dirty money.

The Committee finds that, so far, the Government's rhetoric of "clamping down" has not been matched with constructive action. The report concludes that the Government's lack of willingness to bring forward legislation stemming the flow of Russian money has directly contributed to the UK's status as a safe haven for corrupt wealth. It is "shameful that it has taken a war to galvanise the Government into action".

The Foreign Affairs Committee published a [report](#) back in 2018 that came to many of these same conclusions. Then already, it called for the Government to get serious about confronting the full spectrum of Putin's offensive measures and highlighted the use of London as a base for the corrupt assets of Kremlin-connected individuals.

Very little has changed in the Government's response since that time. Yet, allowing illicit finance to fester has wide-ranging ramifications, corroding trust in our institutions and undermining national security.

In this report, the Committee puts forward a series of recommendations for the government to finally square up to Britain's dirty money problem. These proposals are closely aligned with those of our [Economic Crime Manifesto](#). We join the Committee in calling for beneficial ownership rules and robust reform of Companies House, including new powers for the company registrar to verify information to ensure accuracy as well as discretionary powers to remove corporate entities from the register for wrongdoing.

The report amplifies calls for a substantial increase in funding and expert resourcing for the National Crime Agency, Serious Fraud Office and other responsible agencies. The APPG shares the view that law is only as effective as its enforcement. The Treasury must at the very least increase public spending to £300m in this Spending Review period, in order to match private sector funding raised through the Economic Crime Levy.

A further recommendation is reform of Britain's outdated and ineffective corporate criminal liability laws. Despite the [missed opportunity that the recent Law Commission Options Paper](#) represents, we echo this proposal. We will continue to push for reform of the identification principle, for the introduction of a form of senior executive liability and of further failure to prevent offences.

In its report, the Committee welcomed the issuance of sanctions, which have frozen the assets of oligarchs who prop-up Putin's brutal regime. It recommends that the relevant law enforcement agencies now take advantage of the time these asset freezes provide to consider if there is a criminal case for asset seizure. In the spirit of this recommendation, we will shortly be holding a parliamentary workshop to tackle the question of seizing vs freezing Russian assets.

The Foreign Affairs Committee urges the Government to build on this initiative and to develop a comprehensive transatlantic partnership to curb kleptocracy. We will continue to promote and participate in the Inter-Parliamentary Alliance against Kleptocracy, with our American and European colleagues, to align our policies in a way that bears down on corruption and bolsters democratic values.

We hope that the Government will heed the recommendations in this report and in our Manifesto by tabling its upcoming economic crime legislation in order to end the UK's status as a safe haven for dirty money.

[Fraud a priority in all Police and Crime plans](#)

Association of Police and Crime Commissioners

16 June 2022

Fraud is now a priority in all PCCs Police and Crime plans confirms APCC Lead at an evidence session in the House of Lords on Thursday, 16 June.

National Lead for Economic and Cyber Crime and PCC for Avon and Somerset Mark Shelford gave oral evidence to the Digital Fraud Committee and Fraud Act 2006 alongside Rob Jones, Director General from the National Economic Crime Centre and Pete O'Doherty, Assistant Commissioner and NPCC Coordinator for Cyber and Economic Crime.

During the session he expressed the vital role PCCs play in responding to economic and cybercrime, including fraud.

In a statement he said: "I am encouraged to see that all of my colleagues have included fraud in their Police and Crime Plans which sets the direction for their police area and to which they will hold their Chief Constable accountable.

"But more does need to be done. We encourage the government to include fraud in the Strategic Policing Requirement, which would bolster the

prioritisation of fraud at the national level and within the National Policing Board performance measures alongside crimes such as burglary.

“Recognising fraud as a priority is a necessary step in continuing the work to build the capabilities and capacity in the whole system to effectively investigate and prosecute fraud.

“We welcome the inclusion of fraud as a priority crime in the Online Safety Bill. Measures in the Bill will go some way towards mitigating the vulnerability of the public as they shop and socialise online.

“However, there are lessons to be learnt from the Fraud Act 2006 and we would ask the Committee to consider how legislation and regulation can be better future proofed against new and emerging fraud crime types.

“Just because it doesn’t bang, bleed or shout does not mean it should not be prioritised.”

When asked about fraud from a victim’s perspective, Mark said:

“I have been told by victims the current policing structures around investigating fraud are confusing. A single entry responsible for managing fraud victims, of whatever type, is needed including greater transparency over thresholds required for investigation will significantly improve the victims’ experience.”

[Treasury Committee publishes Government response to fraud, scams and economic crime report](#)

**House of Commons Treasury Select Committee
29 Apr 2022**

The Treasury Committee yesterday published responses from the Government, Financial Conduct Authority (FCA) and Payment Systems Regulator (PSR) to its report on Economic Crime.

The report, published in February, urged the Government to legislate against online fraudulent adverts and seriously consider whether online giants should reimburse those who fall victim to scams on their platforms. It also called for the Government to urgently legislate to make reimbursement for victims of ‘authorised push payment fraud’ mandatory.

In a series of recommendations, the report called for law enforcement to be appropriately resourced to tackle the scale of the problem, for the Government to consider whether a single law enforcement agency with a clear responsibility to fight economic crime would be more effective, and for higher company formation fees and Companies House reform to prevent fraudsters from hiding their identities behind UK businesses.

In response, the Government outlines that they are in the process of creating a second Economic Crime Plan, to be published later this year, and appears open to Companies House reform, including the raising of company formation fees.

However, the Government dismisses the suggestion that anti-fraud enforcement should be the responsibility of a single body or department.

Chair's comment

Commenting on the response, Rt. Hon. Mel Stride MP, Chair of the Treasury Committee, yesterday said:

“While it’s welcome news that the Government has now decided to legislate against online fraudulent advertisements in the Online Safety Bill, introducing new legislation takes time, and, in the meantime, innocent consumers remain at risk of falling victim to scammers. Online platforms must now step up and urgently take down these fraudulent adverts.

“The government has stated that lots of work on combatting fraud is in train, and it places much emphasis on its upcoming Economic Crime Bill. However, it appears to dismiss our recommendation for the creation of a single law enforcement agency with responsibility for fighting fraud and a single Government department tasked with overall responsibility in this area. This may be a significant missed opportunity.”

The report contained the following conclusions and recommendations:

The Government should consider whether there should be a single law enforcement agency with clear responsibilities and objectives to fight economic crime.

The Government must consider why economic crime seems not to be a priority for law enforcement, and how it can ensure it becomes one. It must ensure that law enforcement agencies are appropriately resourced to tackle the scale of the problem.

The Draft Online Safety Bill should be amended to include fraud offences, requiring online firms to be proactive rather than reactive in removing it from their platforms.

The Government should seriously consider whether online companies should be required to contribute compensation when fraud is conducted using their platforms.

The Government should urgently legislate to make reimbursement for victims of authorised push payment fraud from financial services firms mandatory.

There are increasing risks around cryptoassets and economic crime and, while we welcome news that the Government will legislate to bring advertising of cryptoassets into line with that of other financial services and products, the Government should ensure there is proper consumer protection regulation across the whole cryptoasset industry.

The low costs of company formation present little barrier to those who wish to set up large numbers of companies for dubious purposes. The UK should be charging fees similar to those in other countries. The Government should significantly increase the costs of company incorporation. A fee of £100 would not deter genuine entrepreneurs and would raise significant additional funding for the fight against economic crime.

The Economic Crime Act 2022: A Starting Point, Not an End

RUSI

17 Mar 2022

New economic crime legislation is welcome, but without bolder systemic reforms it will have little impact on the UK's dirty money problem.

Newly introduced legislation includes a crackdown on anonymous property ownership via offshore shell companies.

'Just get with it. All money is good money, particularly if it helps build our schools and hospitals'. So went the argument from an unnamed UK government minister back in 2005, when questioned by a journalist about the flow of dubious Russian money into the UK.

This view – while not express government policy – largely prevailed in the following 17 years, with successive governments failing to fully understand the implications of turning a blind eye to the origins of wealth flowing into the UK from jurisdictions with systemic corruption problems. What a difference a day makes. The Russian invasion of Ukraine was the ultimate lesson on the foreign policy consequences of domestic inaction.

It is disappointing that it took a crisis of this magnitude to bring political salience to the UK's dirty money problem. Nevertheless, the volte face from the government has been remarkable. At the end of January 2022 we witnessed the resignation of a UK minister frustrated at the government's refusal to table an Economic Crime Bill. Just a month later – in the wake of the Ukraine crisis – the government had tabled legislation, fast-tracked it through Parliament, and promised further legal reforms in the summer.

The language surrounding the introduction of the Bill clearly positioned it as a vital part of the UK's efforts to tackle Putin and his associates, with the home secretary stating that 'time is up for Putin's cronies hiding dirty money in the UK' and the prime minister promising to go faster and harder 'to tear back the façade that those supporting Putin's campaign of destruction have been hiding behind for so long'.

All Mouth and No Trousers?

But questions remain as to whether these expedited legislative changes will have an immediate impact either on Putin's war in Ukraine or the UK's long-standing issues with dirty money.

Far from supercharging its efforts to tackle economic crime, the government's promised legislative programme merely rights some long-standing wrongs within the system

The first piece of legislation, the Economic Crime (Transparency and Enforcement) Act 2022, enacted on 15 March, creates a Register of Overseas Entities aimed at ending anonymous property ownership via offshore shell companies. This will take time to implement – making immediate asset flight a real concern – and will be largely ineffective unless coupled with the long-overdue reforms to Companies House, which are scheduled for a future Bill in the summer and detailed in the government's recent white paper.

Furthermore, the measures in the Act which seek to overcome the well-documented challenges of Unexplained Wealth Orders (UWOs), including by capping the potentially deleterious costs orders, do little to overcome the capacity issues in the system.

In sum, while legislative reforms are a welcome step forward, they are unlikely to make substantial progress towards the government's stated aim of tackling 'the scourge of economic crime in the UK'. That is not to say, however, that they are without merit; the real value in these changes is the deterrent effect – if properly policed, future generations of criminals and kleptocrats may think twice about sequestering their illicit wealth in the UK property market or using UK companies in money-laundering schemes.

Reform, Fund and Enforce

In short, the legislative programme promised by the government, far from supercharging its efforts to tackle economic crime, merely rights some long-standing wrongs within the system. Reversing the UK from its position as the premier global money-laundering hub will require bolder reforms and more demonstrable leadership.

First, as we have previously argued, major reforms are needed to the system for supervising compliance with AML regulations in the UK, particularly of the so-called 'enablers' – law firms, accountants and wealth managers – who have long serviced the needs of wealthy Russian oligarchs and kleptocrats from across the globe without asking too many questions. Likewise, the Financial Conduct Authority's supervision model, which has hitherto focussed on breaches in the retail banking sector, is ill-placed to respond to the risks of corruption wealth, which are more likely to manifest in the private banking and wealth management spheres. The response to HM Treasury's review of

AML supervision – due in the summer – needs to ensure, whatever the model chosen, that it delivers an effective, risk-based AML supervision system fit for the problem in hand.

Second, as we have frequently stated, legislation is ineffective if nobody is around to enforce it. As noted by the February 2022 Treasury Select Committee (TSC) report on economic crime, much of the issue of lax enforcement of existing economic crime law is rooted in a fragmented and under-resourced law enforcement landscape. While we do not necessarily subscribe to the TSC's view on the need for a single economic crime agency, there is a clear need to rethink the UK's economic crime fighting landscape, including a re-visioning of the role of the National Economic Crime Centre within it.

The current national conversation around Russian illicit wealth in the UK should act as a catalyst for greater alignment between UK foreign policy and domestic economic crime responses

However, structural reforms in isolation are not enough. If we are finally to recognise the security threats posed by economic crime, we should fund the response accordingly. It is clear that the £100 million to be raised from the forthcoming Economic Crime Levy is insufficient, and that alternative, sustainable funding solutions are needed; calls for the reinvestment of economic crime fines and enforcement receipts into the system (rather than Treasury coffers) have merit.

Finally, the current national conversation around Russian illicit wealth in the UK should act as a catalyst for greater alignment between UK foreign policy and domestic economic crime responses. If, as pointed to by the 2021 Integrated Review (and, before that, the Intelligence and Security Committee's Russia Report), illicit finance is increasingly used as a tool of economic statecraft by malign actors to undermine democracies' economic and security interests, it follows that foreign policy goals and domestic activity in this space must do more than co-exist.

While the Integrated Review did recognise economic crime as a threat to UK security and prosperity, it neither fully recognised the foreign policy implications of the UK's domestic inaction, nor the need for a foreign policy dimension to the UK's response to illicit finance – a high proportion of which emanates from overseas criminality. The Ukraine crisis has shifted the context in which the current economic crime reform conversation operates; it is essential that the role of the Foreign, Commonwealth and Development Office in tackling economic crime is re-examined against this new backdrop.

A Marathon, not a Race

In sum, if the hurried legislative package set out by the government is proposed as the primary response to both the current situation and the UK's wider dirty money problem, it falls remarkably short. De-coupling the UK from

the global laundromat will take a much more considered, long-term and ambitious set of reforms, including those set out above. Introducing long-overdue legislation should be seen as the start of the process, not the end.

[New measures to tackle corrupt elites and dirty money become law](#)

Home Office

17 Mar 2022

The new Economic Crime (Transparency and Enforcement) Act received Royal Assent in the early hours of this morning (15 March), following an expedited passage through Parliament.

Introduced following Russia's invasion of Ukraine, the new legislation will mean the government can move more quickly to impose sanctions against oligarchs already designated by our allies, as well as intensifying our sanctions enforcement. The Foreign Secretary recently (15 March 2022) set out further sanctions made possible by our new powers.

A new Register of Overseas Entities, requiring those behind foreign companies which own UK property to reveal their identities, will also be created under the act. Entities who refuse to reveal their 'beneficial owner' will face tough restrictions on selling the property and those who break the rules could face a fine of up to £2,500 per day or up to 5 years in prison. This will be a valuable tool for law enforcement agencies in investigating suspicious wealth. Companies House will now begin work to implement the register as quickly as possible, working closely with the UK's 3 land registries. Any foreign company selling properties between 28 February and the full implementation of the register will also be required to submit their details at the point of sale.

Reforms to Unexplained Wealth Orders (UWOs) will remove key barriers to their use, increasing time available to law enforcement to review material provided in response to a UWO and protecting them from incurring substantial legal costs if they act reasonably in a case that is ultimately unsuccessful.

Furthermore, UWOs will be more effective against those who hold property in the UK via trusts and other complex ownership structures. The government has also committed to publishing an annual report on their use.

Home Secretary Priti Patel recently said:

This government has moved quickly to strengthen our response to Putin's cronies and ensure that corrupt elites have nowhere to hide their dirty money in the UK.

We will continue to work with our international partners to take the strongest possible action against those who enable this unprovoked aggression towards Ukraine.

Business Secretary Kwasi Kwarteng recently said:

There is absolutely no room for illicit finance in the UK, and by bringing forward this Economic Crime Act at unprecedented speed we've put Putin, and the corrupt elites propping him up, on notice.

Our new Register of Overseas Entities, the first of its kind in the world, will have an immediate dissuasive effect on oligarchs attempting to hide their ill-gotten gains, ensuring that the UK is a place for legitimate business only.

Chancellor of the Exchequer, Rishi Sunak recently said:

Our Economic Crime Act will enable us to crack down harder and faster on dirty money and those who support Putin and his regime.

We are using all of our financial might to send a clear message to the Kremlin that this criminal venture will end in total failure.

These measures form part of a wider package of legislative proposals to tackle illicit finance which will be introduced in Parliament in the coming months, including reforming Companies House and introducing new powers to seize crypto assets more easily.

The Prime Minister also announced a new 'Kleptocracy Cell' based in the National Crime Agency, which has been created to target sanctions evasion and corrupt Russian assets hidden in the UK.

The Home Secretary yesterday attended the inaugural ministerial Russian Elites Proxies and Oligarchs Task Force. This meeting brought together finance and justice and home affairs ministers from the G7, EU and Australia responsible for the supervision of sanctions and enforcement work. The task force aims to ensure the effective implementation of financial sanctions on Russian elites and oligarchs to further drive collective efforts to tackle Kremlin-linked illicit finance.

3

Press/Blog articles

[Serious failings of the SFO undermine the UK's reputation](#)

The Times (£)

1 July 2022

[UK crackdown failing to stem flow of Russian dirty money through London, MPs warn](#)

Independent

30 June 2022

[Banks warn of fraud 'epidemic' as losses soar from authorised push payment scams](#)

FT.com (£)

29 June 2022

[Corporate liability: is the net closing in?](#)

Institute of Chartered Accountants of England and Wales

24 June 2022

[Why does the UK have such a problem with fraud?](#)

Institute of Chartered Accountants of England and Wales

24 June 2022

[Why do we need the Economic Crime Bill 2.0?](#)

Institute of Chartered Accountants of England and Wales

14 June 2022

[The spectre of illicit finance continues to loom large](#)

FT Adviser

13 June 2022

[UK's defences against 'dirty money' overrun, say MPs](#)

The Guardian

12 May 2022

[The Economic Crime Act 2022, dead in the water or an effective tool to tackle stolen money?](#)

Shoosmiths

12 May 2022

[Economic Crime Act: too little, too late?](#)

FT Adviser

4 April 2022

[A leap forward in corporate liability: failure to prevent economic crime offence\(£\) \[Intranet link\]](#)

New Law Journal

April 2022

4 Parliamentary material

4.1 Oral Parliamentary Questions

4.2 Written Parliamentary Questions

Economic Crime

Asked by: Kevin Hollinrake

23 Jun 2022

To ask the Secretary of State for the Home Department, if she will include a new offence of failing to prevent economic crime in the provisions of the Economic Crime and Corporate Transparency Bill announced in the Queen's Speech 2022.

Answering member: Kit Malthouse |Home Office

Building on the recently enacted Economic Crime (Transparency and Enforcement) Act, the Economic Crime and Corporate Transparency Bill will bear down further on kleptocrats, criminals and terrorists who abuse our financial system, strengthening the UK's reputation as a place where legitimate business can thrive while driving dirty money out of the UK.

As set out in the Queen's Speech, the Bill will include reform of Companies House, reforms to prevent abuse of limited partnerships, additional powers to seize suspect cryptoassets more quickly and easily, and reforms to give businesses more confidence to share information in order to tackle money laundering and other economic crime.

The Government keeps UK law under regular review to ensure a robust legislative framework. In 2020, the Government commissioned the Law Commission to undertake a detailed review of how the legislative system could be improved to appropriately capture and punish criminal offences committed by corporations, with a particular focus on economic crime.

The Law Commission report was published on 10 June. The Government will carefully assess the options presented and will take forward the strongest options for reform.

Economic Crime: Prosecutions

Asked by: Mrs Sheryll Murray

26 May 2022

To ask the Attorney General, what steps the Government is taking to improve prosecution rates for (a) fraud and (b) economic crime.

Answering member: Alex Chalk | Attorney General Dept

In the year ending September 2021, the CPS prosecuted 7,609 defendants where Fraud and Forgery were the principal offence. 84.9% of those defendants were convicted. In the last five years, the SFO secured reparations for criminal behaviour for organisations it investigated totalling over £1.3bn.

The CPS deploy a network of prosecutors around the world to help extradite suspects and secure the evidence needed to bring criminals to justice in this jurisdiction.

The Government has introduced the Online Safety Bill, requiring all companies to take robust action against illegal content. Companies will need to remove material that amounts to an offence in the UK regardless of where in the world it originated.

Economic Crime and Fraud: Prosecutions

Asked by: Matt Vickers

23 May 2022

To ask the Attorney General, what steps the Government is taking to improve prosecution rates for (a) fraud and (b) other economic crime.

Answering member: Alex Chalk Attorney General Dept

In the last financial year, the Serious Fraud Office prosecuted two corporates, recovered over £45m in proceeds of crime and agreed three Deferred Prosecution Agreements. Between February 2022 and January 2023, the SFO has eight trials; 23 people have been charged with criminality worth over £550m.

The Law Officers meet regularly with senior officials at the Serious Fraud Office to discuss strategy and funding; through these meetings, as well as regular engagement between my Office and the Serious Fraud Office, I am confident that the organisation has the resource required for those trials.

The Government is committed to tackling fraud and economic crime, and the 10-year Fraud Strategy that will be published this year will set out plans to address the threat of fraud including the prosecution of fraudsters.

The majority of Serious Fraud Office cases already pass the 'no case to answer' stage. This is when the Judge rules that the prosecution's evidence is sufficient, the trial will proceed to enable a jury to consider its verdict. It is not within the gift of the Serious Fraud Office, or the Government, to influence this.

In addition to the Fraud Strategy, the Serious Fraud Office received a funding uplift in the 2021 Spending Review, which included £4.4m over three years to invest in technology. This investment will complement the wider work that

they are doing to reduce case lengths over the same period. This will have a positive impact on the SFO's capacity to tackle serious economic crime.

Economic Crime

Asked by: Vickers, Matt

23 May 2022

To ask the Attorney General, what recent assessment has she made of the Serious Fraud Office's capacity to tackle serious economic crime in 2022-23.

Answering member: Alex Chalk | Attorney General Dept

In the last financial year, the Serious Fraud Office prosecuted two corporates, recovered over £45m in proceeds of crime and agreed three Deferred Prosecution Agreements. Between February 2022 and January 2023, the SFO has eight trials; 23 people have been charged with criminality worth over £550m.

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Economic Crime

Asked by: Jonathan Reynolds

17 May 2022

To ask the Secretary of State for the Home Department, whether her Department plans to publish a new Economic Crime Plan when the current one elapses this year.

Answering member: Damian Hinds | Home Office

In July 2019, the Government set out a comprehensive programme for addressing economic crime, in partnership with the private sector, in the July 2019 Economic Crime Plan, and May 2021 Statement of Progress.

The December 2021 Economic Crime Strategic Board formally commissioned the production of a second Economic Crime Plan to be developed with partners across the private sector. It is due to be published later this year.

Economic Crime

Asked by: Siobhain McDonagh

25 April 2022

To ask the Chancellor of the Exchequer, when he plans to respond to the Treasury Committee's Economic Crime Report published on 2 February 2022; what assessment he has made of (a) the potential merits of that report's recommendations on authorised push payment scams and (b) the effectiveness of the Contingent Reimbursement Model Code in providing sufficient protection to consumers in the context of the findings of that report on that matter.

Answering member: John Glen | Treasury

The Government has now shared its response to the Treasury Select Committee's Economic Crime report with the Committee.

The Government is committed to tackling fraud within payment networks, including to protect people against Authorised Push Payment (APP) fraud. The Government welcomed the publication of the Payment Systems Regulator's (PSR) Consultation on 18 November 2021 regarding further measures to counter APP scams, and announced alongside that it would address any legislative barriers to the PSR taking regulatory action on mandatory APP reimbursement.

Economic Crime

Asked by: Baroness Ritchie of Downpatrick

28 Mar 2022

To ask Her Majesty's Government what steps they will take to tackle illicit finance.

Answering member: Baroness Penn | Department: Treasury

Money obtained through corruption or criminality is not welcome in the UK, and the Government is taking concerted action to combat the threat of illicit finance from source to destination, including that linked to Russia.

In recent years, the Government published a landmark public-private partnership Economic Crime Plan. The Plan outlines a comprehensive national response to economic crime and sets out 52 actions being taken by both the public and private sectors to ensure the UK cannot be abused for economic crime.

The Government is also bringing forward significant investment to tackle economic crime; the combination of last year's Spending Review settlement and private sector contributions through the Economic Crime (AML) Levy will

provide economic crime funding totalling around £400 million over the next three years.

Most recently, following the Prime Minister's announcement in February, the Government has brought forward the Economic Crime (Transparency and Enforcement) Act to crack down further on dirty money and corrupt elites in the UK. The Act:

- o Introduces a "Register of Overseas Entities Beneficial Ownership of UK property" to tackle foreign criminals using UK property to launder money.
- o Reforms our Unexplained Wealth Orders regime, to remove key barriers and help target more corrupt elites.
- o Strengthens the Treasury's ability to take action against sanctions breaches.

This is not all. The Government has announced a new dedicated Kleptocracy cell in the National Crime Agency and published details of further upcoming legislation to clamp down on money-laundering and illicit finance. This will include fundamental reform of Companies House, enhanced information sharing powers and new powers to seize crypto assets finance.

Economic Crime: Prosecutions

Asked by: Thornberry, Emily

8 March 2022

To ask the Attorney General, which of the Crown Prosecution Service's dedicated divisions for (a) international justice and organised crime, (b) special crime and counter terrorism and (c) specialist fraud will be responsible for prosecuting the new offences that will be established in the Economic Crime (Transparency and Enforcement) Bill.

Answering member: Alex Chalk | Department: Attorney General

In March 2021, the CPS launched its first ever Economic Crime Strategy to ensure we keep pace with the changing nature of crime. It is a high-level strategy which allows the flexibility to respond and adapt to new and emerging threats.

The CPS currently has a dedicated Specialist Fraud Division with specialist prosecutors to ensure it has the right skills and resources to prosecute complex economic crime cases, ranging from the prosecution of bankers and investment scams, to the prosecution of those who seek to defraud the taxpayer of millions of pounds.

With effect from the 1 April 2022, a new Serious Economic, Organised Crime and International Directorate will be launched, merging the Specialist Fraud Division and the International Justice and Organised Crime Division. This new directorate will provide more resilience and will be responsible for prosecuting the new offences established in the Economic Crime (Transparency and Enforcement) Bill.

Economic Crime: Prosecutions

Asked by: Thornberry, Emily

8 March 2022

To ask the Attorney General, what assessment she has made of (a) the current capacity available and (b) the additional resources required for the Crown Prosecution Service to prosecute the new offences that will be established in the Economic Crime (Transparency and Enforcement) Bill.

Answering member: Alex Chalk | Department: Attorney General

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4.3

Backbench Business Committee Representations

Representations by Kevin Hollinrake MP, 19 April 2022

Q1 **Chair:** Good afternoon and welcome, everyone, to the Backbench Business Committee. This will probably be the last Backbench Business Committee meeting in this Session. Since there is very little time to allocate, there hardly seems any merit in having a meeting next week to hear applications from people who then have to send their applications on a list to a successor Committee at some time in the future.

We have three applications in front of us this afternoon. The first is from Kevin Hollinrake—a very warm welcome to Kevin—on economic crime law enforcement resourcing.

Kevin Hollinrake: Thanks very much, Ian. I am delighted to have this opportunity because this is such an important subject. I have been in business

all my life prior to entering politics, and in business you tend to focus more on implementation than on innovation and new ideas. In this place, as we are all too aware, we focus a lot on legislation, but not always on the follow-through in terms of implementation, which leads to some very adverse consequences, and this is a good example.

We are legislating for economic crime with two new Bills. One has already passed through the House recently and a second one is due to come in the Queen's Speech. The legislation is there, but the enforcement is absolutely not there, and it must be there.

When we talk about economic crime—I think the Secretary of State said something on TV one morning—it is not given the attention that we give to what we might consider traditional crime: burglaries, violent crime or whatever. It is seen as a white-collar crime, but I think we all have experience of constituents who are completely devastated by these crimes—people whose bank accounts are raided often by life-changing sums of money. So this is very much a crime that affects our constituents, and in other ways, too, of course. There are the people who sit behind it at an organised level—the gangsters and the terrorists who make their money out of drug dealing, people trafficking, extortion and theft, so it is vital that we clamp down on these areas.

The cost of this is £290 billion a year to the UK economy, according to the National Crime Agency. Yet we dedicate a tiny percentage of our resources to tackling the problem. Roughly 40% of all crimes are economic crimes, yet less than 1% of police resources goes to tackling them. The total budget of the National Crime Agency is £850 million. It is not clear how much of that money is spent on economic crime. It needs to be more visible and it needs to be increased.

The reality is that we are going backwards in terms of prosecutions. Overall prosecutions for money laundering have fallen by 35% since 2016. The FCA criminal investigations into money laundering have fallen from 14 in 2017 to eight in 2020. HMRC criminal and civil investigations into money laundering fell from 57 in 2017-18 to 22. The Serious Fraud Office, as I think we have probably all seen, has got a pretty poor track record in prosecuting crime, and its numbers are dropping significantly as well. It has had only five convictions a year for economic crime offences over the past five years, and the number of criminal cases has halved.

So the debate will be about the resources we need and the Government's plan. In the forthcoming legislation, will that be properly articulated and ringfenced to tackle these problems? There are lots of other things we want to discuss as well—the various pieces that will be in the economic crime Bill, but we also want to make sure we have the proper resources. That is what it is all about.

Q2 **Chair:** Thank you very much, Kevin. Obviously, we are coming to the last throws of the dice in this Session. When would you like to have this debate?

Kevin Hollinrake: As soon as possible. The sooner the Government are thinking about this—as you know, we have the Queen’s Speech coming up and we want the Government to set this out as part of that legislation. It is urgent and important, to ensure we do not just legislate but set aside resources. I do not know what your parliamentary diary is like, Chair, but I would be keen to get this in there. There is good cross-party support for it. I think in the debates on the economic crime Bill mark 1—the Economic Crime (Transparency and Enforcement) Act 2022—the most commonly used word was “enforcement”.

Chair: Our dilemma is that there is probably no time to allocate before Prorogation, if and when that happens. We could pass this on in a list to the Leader of the House, and the Government might want to table it before the Committee is re-established in the new Session, but the problem, from your perspective, is that if that happens and the Government timetable it, the Government will lead off on the debate. If you said, for instance, “before the end of May”, that might give the Government some time to allow the Committee to be re-established and for it to look at its list and try to put it into that context.

Kevin Hollinrake: If that is our option, Chair, I will be very happy to do that.

Chair: All we can do is try.

Bob Blackman: Obviously, if the Queen’s Speech does not include an economic crime Bill, it is probably apposite for the debate to come forward quite quickly, to encourage the Government to look at the subject after we complete deliberations on the Queen’s Speech.

Kevin Hollinrake: Very much so. Even if the Government decided not to legislate, which sounds unlikely, this is still relevant because even with our current legislation, we still need enforcement behind it. It does need to create that imperative, you are quite right.

Chair: And, as you say, Kevin, this might all have been done by people tapping on computers in darkened rooms, but it is not a victimless set of crimes. Thank you very much indeed.

5

Further information

i) House of Commons Library Briefings (2022-)

[Economic crime in the UK: a multi-billion pound problem](#), House of Commons Library Briefing, April 2022

[Economic Crime \(Transparency and Enforcement\) Act 2022](#), House of Commons Library Briefing, 23 March 2022

ii) Reports/Studies (2021 -)

[HMRC economic crime supervision annual assessment report: 2021 to 2022](#), HMRC, 30 June 2022

[Annual Fraud Report](#), UK Finance, June 2022

[Economic Crime Manifesto](#), All Party Parliamentary Group on Anti-Corruption & Responsible Tax/All Party Parliamentary Group on Fair Business Banking, June 2022

[Corporate Criminal Liability: an options paper](#), Law Commission, June 2022

[The cost of complacency: illicit finance and the war in Ukraine](#), House of Commons Foreign Affairs Select Committee, June 2022

[Review of the UK's AML/CFT regulatory and supervisory regime](#), HM Treasury, June 2022

[Economic Crime](#), House of Commons Treasury Select Committee, February 2022 and [Government response](#), April 2022

[Closing the UK's economic crime enforcement gap: Proposals for boosting resources for UK law enforcement to fight economic crime](#), Spotlight on Corruption, January 2022

[Economic crime plan 2019 to 2022: statement of progress](#), Home Office/UK Finance, April 2021

[Hiding behind the Veil of Action Fraud: The Police Response to Economic Crime in England and Wales and Evaluating the Case for Regionalization or a National Economic Crime Agency](#), Mark Button, Policing 15(3) 2021

iii) Recent parliamentary material on economic crime

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