



Lord Agnew Kt
Minister of State
HM Treasury and Cabinet Office
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Lord Tunncliffe
House of Lords
London
SW1A 0PW
By email: tunncliffed@parliament.uk

24 September 2021

Dear Lord Tunncliffe,

MONEY LAUNDERING AND TERRORIST FINANCING (AMENDMENT) (NO.2) (HIGH-RISK COUNTRIES) REGULATIONS 2021

Thank you for your participation in the Grand Committee debate on the Money Laundering and Terrorist Financing (Amendment) (No. 2) (High-Risk Countries) Regulations 2021. As promised, I am writing to respond in more detail to the query you raised during the debate regarding the progress of the Economic Crime Plan.

The methods of economic criminals are constantly changing, and we recognise that there is more to do to improve our whole system response to economic crime. As you know, in 2019, the Government and the private sector jointly published the landmark Economic Crime Plan which sets out 52 actions being taken forward by both the public and private sectors over three years to mitigate against the UK being abused for economic crime by criminals and their facilitators.

We are now at a key point in the Economic Crime Plan's timeline and have recently published the Statement of Progress which details progress made against the Plan. The statement also sets out the UK's future priorities, and outlines seven new priority actions which build on the original actions within the Plan. It also increases our level of ambition to combat economic crime, support our growth and prosperity, and enhance our global reputation as a clean financial centre and a safe place to do business. I have enclosed a copy for your reference.

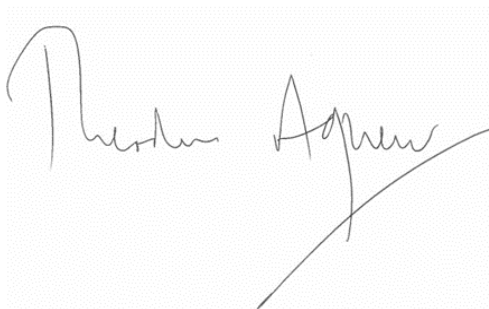
Since the publication of the Plan good progress has been made, with 20 of the 52 actions now complete. Full details are set in the Statement of Progress; however, some key highlights include the publication of the UK's Third National Risk Assessment of Money Laundering and Terrorist Financing, which has improved our understanding of the money laundering and terrorist financing threat facing the UK. Additionally, we have updated anti-money laundering requirements on firms, helping to close previous vulnerabilities in our system and bringing new sectors in scope of the regulations. Furthermore, we have progressed efforts to improve corporate transparency, with proposals on reforming Companies House published in September last year which outline a package of reforms that will ensure Companies House plays a larger role in combatting economic crime and preventing UK businesses from being abused by economic criminals. As soon as parliamentary time allows, we will bring forward legislation to enable these reforms.

Under the Economic Crime Plan, the Government has also initiated an ambitious suspicious

activity reporting regime (SARs) reform programme. SARs are the mechanism by which the private sector makes disclosures in relation to money laundering and terrorism financing to the UK Financial Intelligence Unit (UKFIU). This reform programme will provide improvements to the SARs regime to increase its effectiveness and efficiency, allowing the regime to produce more valuable information for law enforcement. The programme is providing new IT alongside improved data processing, storage, and analytics to reform the regime. The Government is also committed to continuing to bolster the resources of the UKFIU, increasing staff capacity by a total of 70 additional full-time equivalents to enable the UKFIU to further gather, analyse, and disseminate SARs. This process is ongoing and expected to continue into 2022 alongside the IT transformation programme. Currently recruitment is progressing well, with UKFIU staff uplifted to c.140 full time employees from c.80 in 2018. We are also further considering what legislative change is required to support this reform programme, with the Home Office shortly due to consult on a number of economic crime-focused legislative changes to ensure further improvements to the regime alongside strengthening powers to share information and seize assets.

I would like to thank you again for your engagement during the debate, and the Treasury will continue to work closely with others across Government to tackle the issue of economic crime.

A copy of this letter will be placed in the Library.

A handwritten signature in dark ink, appearing to read 'Lord Agnew', with a long, sweeping horizontal stroke extending to the right.

Lord Agnew Kt