Home Office

HM Treasury

The Rt Hon Dame Diana Johnson MP
Chair, Home Affairs Select Committee
House of Commons
London
SW1A 0AA

Harriet Baldwin MP
Chair, Treasury Select Committee
House of Commons
London
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Dear Diana and Harriet,

30 March 2023

Today, the Home Office and HM Treasury has published the Economic Crime Plan 2 and accompanying Data Annex.

As you are aware, in July 2019, alongside the private sector, the first Economic Crime Plan (2019-2022) was published, setting out how the UK's public and private sectors would work together to deliver a whole-system response to economic crime, through fifty-two actions, marking a step change in our response.

Over the past three years, through the public private partnership we have improved our understanding of the threat, strengthened our law enforcement, legislative and regulatory response, and enhanced our cooperation domestically and internationally to combat economic crime.

Last year saw the UK take unprecedented action to combat dirty money. The government passed the Economic Crime (Transparency and Enforcement) Act which created a new Register of Overseas Entities to tackle foreign criminals using UK property to launder money, removed key barriers to the use of Unexplained Wealth Orders and made reforms to allow the Government to impose sanctions more quickly; and established the Combating Kleptocracy Cell. We also conducted a review of the Anti-Money Laundering/Combatting Financing of Terrorism (AML/CFT) regulatory and supervisory regime.

Further upcoming legislation through both the Economic Crime and Corporate Transparency Bill, and the Online Safety Bill, will give us further tools to transform our fight against economic crime through a cleaner and more transparent corporate register and new obligations on the technology sector to help prevent economic crime facilitated online.

Despite this progress, the threat to the UK from economic crime continues to evolve, challenges persist, and the Government is committed to further strengthening our response. We are pleased to publish the second public-private Economic Crime Plan, under which will also sit the forthcoming Fraud Strategy. It sits alongside the upcoming Anti-Corruption Strategy. The second Economic Crime Plan targets the challenges we face head on through an outcomes-focused response, and commits us to:

- **Reduce money laundering and recover more criminal assets -** limiting abuse of corporate structures, increasing effectiveness of our supervisory and regulatory regime, combating criminal use of crypto assets, completion of Suspicious Activity Reporting (SARs) reform, a cross-system operational response to money laundering, and recovering more criminal assets.
- **Combat kleptocracy and drive down sanctions evasion**– improving financial sanctions design, implementation and enforcement and strengthening our response to kleptocracy.
- **Cut fraud -** through the delivery of the Fraud Strategy, and the new Public Sector Fraud Authority.

<u>Funding</u>

Supporting the Plan is the new sustainable funding model which, through the combination of Government spending and the Economic Crime (Anti-Money Laundering) Levy, is already providing new investment of £400 million from 2022 through to 2025.

<u>Governance</u>

In the Plan, we clearly state our commitment to monitoring the progress and impact of the Plan as it is implemented.

The public-private Economic Crime Strategic Board will continue to maintain strategic oversight of the Plan and set strategic priorities for the public private response to economic crime, direct resources and scrutinise performance. The Economic Crime Delivery Board chaired by senior officials in the Home Office and HM Treasury will also continue to drive progress at working level.

As well protecting our national security and citizens, the delivery of this Plan will also support business investment and is crucial to the long-term competitiveness of our world-leading financial and professional services and growing technology sectors. Crucial to this is ensuring the UK remains one of the most transparent, safe, and open places for business - this Plan reflects that ambition.

A copy of this letter, and the Economic Crime Plan 2 and accompanying data annex, will be placed in the Libraries of both Houses.

Rt Hon Tom Tugendhat MBE VR MP
Security Minister (Home Office)

Baroness Penn
Treasury Lords Minister (HM Treasury)