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Dear Rt Hon. Liam Byrne,

Thank you for providing me with an opportunity to discuss the important work that Companies House is carrying out to support the Government's agenda to tackle economic crime and support growth.

While we are making great progress, we acknowledge that there is still work to be done, as we continue to work to improve the reliability of our registers. The challenges ahead of us are not insignificant. But we are confident that, through the implementation of the Economic Crime and Corporate Transparency Act (ECCTA) 2023 and the associated transformation of Companies House, we will play an even greater role in disrupting economic crime.

I note your concerns around resourcing for our digital transformation, and wanted to provide some updated information, following my appearance at the subcommittee:

- For digital and technology, our turnover rate (up until the end of February 2025) was 6.5% and our current vacancy rate is 13%. This figure is lower than reported at committee as that had included planned recruitment over the spend review period and roles currently filled by contractors. We continue to work to recruit qualified individuals, to reduce our spend on contractors and to position ourselves competitively in the recruitment market.

- For digital and data roles we do have freedom to pay more for harder to recruit roles as specified within the Digital & Data Pay framework. We have conducted a review to benchmark our digital and data salaries with private and public sector and are currently working through the findings in line with Government Digital Service (GDS) guidance on digital and data pay, to consider our pay structures.

The questions raised in your letter from 28 March are addressed below:

Fees, resourcing and the scale of transformation.

1. Historically Companies House's fees have remained constant. However, the new powers generated from the ECCTA required significant growth and investment to conduct the new activities. The fees were increased on 1st May 2024 to recover an additional £107m (£113m p.a.) to fund investigation and enforcement activities across Companies House and the Insolvency Services.

This provided Companies House and the Insolvency Service with additional funding to develop functions utilising new powers given under the ECCTA, enabling us to identify suspicious activity, and funding case workers and modern systems to investigate. Companies House is currently reviewing its fees with the expectation it will increase fees to fund further activity linked to delivery of the ECCTA, including identity verification and associated compliance and enforcement activity, and to offset the impact that this activity will have on the size of the register.

But there are, already, success stories in what the increase in fees has allowed us and the Insolvency Services to achieve. For example, as a direct result of the recent fees increase, we have been able to employ over 300 new members of staff to support us in delivering the new powers, and to create the necessary intelligence capability.

The committee may wish to note that the pursuit of penalties is not funded through fee income.

2. The statement that the proportion of companies on the register with incorrect information, due to fraud or error, was likely to be at the upper end of the 15 – 20% range, is in line with estimates provided by external commentors.

Companies House is currently developing more robust estimates, using a ‘bottom up’ methodology based on outcomes and feedback from our own interventions and experience using our new powers. This is similar in approach to HMRC’s tax gap analysis and DWP’s fraud & error annual reports.

We are also working with the Home Office under the Second Economic Crime Plan to improve information flows from the private sector. This will allow us to have more effective measures where threats detailed in our Strategic Intelligence Assessment occur downstream in other organisations.

3. In line with our growth plans, we are currently recruiting 57 roles in the Digital & Technology Directorate and 41 roles in the Intelligence and Law Enforcement Directorate. Staff turnover rates, as of 1 April 2025 in the Digital & Technology and Intelligence & Law Enforcement directorates are 6.5% and 9.9%, respectively.

4. Since the powers came into force, the intelligence team has been growing, and it will continue to grow. In the financial year 24-25, we expanded the Intelligence & Law Enforcement Directorate from 59 to 95 employees, using role profiles with the required skills and professional qualifications. We are also currently running twenty recruitment campaigns for an additional 41 roles in the Intelligence & Law Enforcement directorate.

We do not currently specifically focus on professional qualifications, but we have recruited a significant proportion of our team from across Government and from Law Enforcement Agencies, which gives us significant capability in quick time and reassurance that we have the right skills necessary to tackle the challenge. For example, we are creating a prosecution and litigation team with specialised skills, comprising two Lead Prosecuting Solicitors (in post) and a civil litigation specialist (shortly to be recruited) for civil and financial penalty cases.

5. Companies House is required to set delegated pay arrangements within the framework of the Cabinet Office pay remit guidance. Throughout our recruitment campaigns, we have been successful in appointing into the Intelligence & Law Enforcement functions at all levels, which has provided us with an assurance that our pay rates are comparable with the external

market. Pay rates do continue to present challenges in the recruitment of some digital roles. GDS recently published new guidance on digital & data pay and we are working through the details and considering how we can apply the guidance within our current pay structure.

6. In regards to our spend on contractors, we use several third party suppliers to provide teams for specific projects and digital service improvements. We also supplement our resources and fill critical vacancies/short-term resource gaps using contingent labour supplied through the Public Sector Resourcing (PSR) framework. The breakdown of costs can be found in the Annex (Table 1).

7. We have not struggled to recruit into our expanding operational areas, and so we have been able to fill these posts as required to expected timelines. However, increased flexibility on pay for digital & data professionals could improve successful recruitment, allowing us to accelerate change, expand the scope of our operational transformation and reduce the cost, and our reliance on, third party contractors.

Sanctions, tax evasion and beneficial ownership transparency reform

8. We are working to more robustly identify the nature and scale of the money laundering and sanctions evasion threat posed by the use of Limited Liability Partnerships (LLPs) and Limited Partnerships (LPs) and more widely across our registers.

9. Recent analysis by Companies House revealed 8,597 Limited Liability Partnerships (LLPs) with only corporate members. This represents 17% of LLPs. In Scotland Companies House only records data for corporate partners of Scottish Limited Partnerships. This information is self-reported and collected only at registration, meaning any status changes are not identifiable. This management information collected by Companies House indicates that 93% of active SLPs have corporate partners.

10. Table 2 in the Annex shows the numbers of PSCs whose recorded country of residence matches those linked to regulations made under the Sanctions and Anti-Money Laundering Act 2018, and the UK sanctions list as published by the FCDO. It does not include PSCs that are corporations. Due to misspellings or inconsistent formatting some records may not be accurately attributed to a country and could be excluded from the breakdown.

11. We work closely with other government departments and with partners overseas, on beneficial ownership reform. However, we take our lead in this area from the Department for Business and Trade.

The Government remains committed to seeing full Publicly Accessible Registers of Beneficial Ownership (PARBO) implemented in the Overseas Territories and other jurisdictions as part of our ambition for PARBO to become the global norm. This is being achieved through the sharing of knowledge and the UK's experience of developing and implementing its own beneficial ownership register.

At the UK-Overseas Territories Joint Ministerial Council in November 2024, the Government secured agreement from the Overseas Territories to improve their corporate transparency by completing plans to implement Publicly Accessible Registers of Beneficial Ownership by summer 2025.

The Government continues to support the Overseas Territories and other jurisdictions in fulfilling this objective through the Department for Business and Trade's Beneficial Ownership Technical Assistance Unit, in collaboration with other government departments and agencies, including the Foreign Commonwealth and Development Office, Home Office, Treasury and Companies House.

Ultimately, it is for each Overseas Territory and jurisdiction to legislate on corporate transparency according to their own privacy protections and safeguards under their respective constitutional arrangements.

Criminal prosecution, civil enforcement and fine collection

12. Counts of prosecutions are published annually by Companies House. Management information for 2024-25 will be published in August 2025.

These include prosecutions under the Companies Act 2006 and the Scottish Partnerships (Register of People with Significant Control) Regulations 2017. Data on counts of charges laid in court, along with convictions and charges withdrawn can be found in Tables 3 and 4 in the Annex.

13. The only civil penalties collected by Companies House are Late Filing Penalties (LFPs). A company or LLP will automatically accrue an LFP as a matter of law if they fail to file their accounts by the due date. Unlike financial penalties, LFPs have no interaction with criminal law.

In regards to counts of LFPs issued for late filing of accounts, these have been published annually by Companies House since financial year 2016-17. Management information for 2024-25 will be published in August 2025. A breakdown by year can be found in Table 5 in the Annex.

Since March 2024, we have been able to decide whether to use financial penalties or prosecute where a person or company is suspected to have committed an offence under the Companies Act 2006. Financial penalties can only be issued where the evidence of a relevant offence meets the same threshold of beyond reasonable doubt that is needed for a prosecution. We will then consider factors such as previous offending, seriousness of the offence, level of harm, etc. to decide whether prosecution or a financial penalty is the most appropriate way of dealing with the offending, this is the Public Interest Test (PI Test).

As of 11 April 2025, we have issued 329 penalty notices.

14. One of the considerations for increasing prosecutions is being able to access court time. Currently we have some challenges regarding the process of sending cases to the court in a digital format, but we are actively working on a solution with the Department. We are seeking authorisation from the Secretary of State and the Secretary of State for the Ministry of Justice to use the Single Justice Procedure. This will free up court time slots and allow us to increase our current prosecutions as well as allowing court time for “new” offences provided for under the Economic Crime and Corporate Transparency Act 2023 (ECCTA).

Along with extra prosecution powers, ECCTA also provided Companies House with other powers as alternatives to prosecution, such as the imposition of financial penalties and accelerated strike off powers, which we are also using.

15. Companies House has historically only collected LFPs, which are a civil penalty. We have seen a decline in collection rates for LFPs issued post Covid-19. Primarily, we have seen a shift in 'customer' behaviour, following legislative easements put in place during the pandemic, and have not seen a return to pre-Covid penalty collection levels. We are seeking to restore the pre-Covid collection rates and are already taking several steps:

- **Review and strengthening of current processes:**
  - We have reviewed existing debt collection processes and made improvements. Following this we asked the Government Internal Audit Agency (GIAA) to review said processes and are acting currently on their recommendations.
  - The ECCTA introduced a requirement for companies to provide a registered email address. This method of contact is anticipated to result in greater cash collection over paper-based letters. We will look to implement this initially for the collection of new penalties under the ECCTA and then plan to implement for the Late Filing Penalty regime.
  - We are investigating, via a small pilot the effectiveness of conducting debt collection activities in house rather than outsourcing. We will compare data gathered, including cash collection performance to inform our approach going forward.
- **Refreshing the debt management contract** we have in place to externally manage the debt collection process for Late Filing penalties. We will look to move onto a revised Crown Commercial Services (CCS) framework, under which other government departments have seen improved cash collection performance.
- **Investigating the feasibility to strengthen enforcement policy and process that we expect to have a positive impact on cash collection**:
  - We will seek to reduce the appeals window for a LFP, as the longer the window to appeal, the older the debt, which is much harder to collect; and
  - we are investigating the use our new legislative powers and sanctions for those entities who frequently incur an LFP or frequently do not pay.

Intelligence sharing and law enforcement agency co-ordination

16. The “complain about a limited company” contact form informs users who to contact depending on the nature of their enquiry. Some users may be directed to other organisations such as the Insolvency Service or HMRC.

It is not possible for Companies House to directly identify users who complained about companies directly as a result of using this service. However, customers may contact Companies House where names and addresses and other personal information are used without consent. In 2024-25, Companies House received over 46,000 reports. Some reports may be made against multiple companies.

From 4 March 2024 to 4 March 2025, CH have:

- removed 82,600 registered office addresses.
- removed 66,900 officer addresses and 55,100 PSC addresses.
- redacted 49,800 incorporation documents to remove personal data used without consent.
- removed 11,200 documents from the register, including 800 false mortgage satisfaction filings which would have previously required a court order.
- This has affected 100,400 companies in total.

17. Prior to the new powers under the Economic Crime and Corporate Transparency Act coming into force, Companies House had very limited powers to proactively share intelligence with law enforcement agencies and acted in a reactive manner, largely responding to requests for information. To maximise the use of the new data sharing powers, a new Intelligence Hub was developed to work with partners. This went live on 4th March 2024.

In the first 12 months since the introduction of the Act, approximately 600 referrals were made to partner organisations. We are working closely with key partners, such as the Insolvency Service and the National Crime Agency, to maximise our collaboration opportunities and ensure that we are working together.

A new intelligence cell to receive and develop intelligence referrals from Companies House has also been established in the Insolvency Service, with an aim to determine the appropriate outcome for referrals and commence investigations and enforcement outcomes. The Insolvency Service has also recruited an intelligence officer who will be co-located with Companies House to further enhance the collaborative relationship already in place. The collaborative approach has enabled Companies House to provide an uplift in intelligence referrals to the Insolvency Service so that appropriate enforcement action can be considered.

Companies House has also collaborated with the Insolvency Service to analyse over 100,000 shell companies that were incorporated over the last 20 years. Collaboration between Companies House and its partners has enabled the following joint actions to have been taken:

- Interventions by HMRC and the NCA at 16 sites against over 30 key enablers who had incorporated 30,000-50,000 of the companies involved in illicit activities;
- Removing circa 10,000 of these companies from the Register;
- Circa £83 million in UK property related to companies owned by organised criminals were identified by Insolvency Service intelligence teams which enabled NCA asset recovery teams investigations that are ongoing; and
- The Insolvency Service commencing investigations into at least 20 of these companies with a view to winding them up in the public interest and/or referral to Companies House for consideration of dissolution action.

Companies House also worked extensively with key partners in the development of the inaugural Strategic Intelligence Assessment, ensuring we were able to reflect our key threats and those facing the wider anti-economic crime system. The finalised version was circulated widely to partners, both in the public and private sectors, to provide insight on misuse of the registers. A publicly accessible version can be found at [Companies House strategic intelligence assessment - GOV.UK]

18. Companies House received a total of 117,714 discrepancy reports between January 2024 and March 2025. During this period, we started 34,526 new cases, resolved 13,825 discrepancies, closed 24,356 cases with no discrepancy, and closed 21,195 cases due to

strategy exhausted where the company failed to respond and/or update their records. Additionally, we closed 6,254 reports as duplicate discrepancies. A further 54,799 reports are awaiting action.

There are no requirements for obliged entities to include details of nationality/ place of residency in their reports, therefore we do not hold information on this.

Again, thank you for your time and interest on this matter, and thank you for your kind words regarding my service in Companies House. We look forward to continuing to work closely with the Sub-Committee and I am certain Companies House' new CEO, when appointed, will continue to drive these crucial reforms forward.

Yours sincerely,

L. C Smyth

Louise Smyth
Chief Executive of Companies House
Registrar of Companies for England and Wales

Annex – Data breakdowns

Table 1 – Breakdown of costs of third-party suppliers

Supplier/ Type	2022/23	2023/24	2024/25 (up to 3rd Quarter)	Total
Kainos	£4,379,215.15	£6,518,145.64	£134,240.00	**£11,031,600.79**
FDM	£1,885,822.00	£2,988,534.00	£2,443,195.00	**£7,317,551.00**
Version 1	-	£2,069,690.86	£8,589,119.33	**£10,658,810.19**
Contingent Labour	£9,423,679.36	£12,673,323.78	£9,719,861.84	**£31,816,864.98**
Total spend	**£15,688,716.51**	**£24,249,694.28**	**£20,886,416.17**	**£60,824,826.96**

Table 2 – PSCs by countries linked to regulations made under the Sanctions and Anti-money Laundering Act 2018

Country	Number of individual PSCs
Afghanistan	114
Bosnia and Herzegovina	237
Central African Republic	4
Democratic People's Republic of Korea (North Korea)	1
Democratic Republic of the Congo	72
Guinea	49
Haiti	18
Iran	228
Iraq	783
Libya	135
Mali	25
Myanmar	22
Nicaragua	3
Republic of Belarus	157
Republic of Guinea-Bissau	1
Russia	811
Somalia	21
South Sudan	4
Sudan	29
Syria	26
Venezuela	87
Yemen	42
Zimbabwe	316

Table 3 – Prosecutions under the Companies Act 2006

Prosecutions under the Companies Act 2006, 2014-15 to 2023-24										
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
United Kingdom										
Offence: failure to deliver annual accounts										
Charges laid in court	4,444	4,474	4,052	3,884	3,685	3,524	436	1,381	2,071	2,400
Outcomes of charges laid in court:										
Convictions	2,126	2,162	1,936	1,883	1,936	1,892	203	732	870	987
Charges withdrawn - no longer in the public interest	1,545	1,467	1,445	1,344	1,306	1,241	180	499	772	820
Adjourned to a later hearing date	751	774	659	552	563	523	118	312	573	655
Offence: failure to deliver confirmation statements										
Charges laid in court	2,260	2,341	2,407	2,268	2,134	1,819	284	631	820	1,113
Outcomes of charges laid in court:										
Convictions	1,234	1,294	1,246	1,238	1,238	1,270	157	382	452	642
Charges withdrawn - no longer in the public interest	716	678	837	685	690	579	104	227	277	355
Adjourned to a later hearing date	305	319	313	260	245	170	58	68	117	155
Directors and companies										
Number of directors summonsed to court	4,373	4,215	4,019	3,873	4,142	3,779	526	1,487	2,270	2,718
Number of directors convicted	2,009	2,010	1,904	1,980	2,026	1,918	260	763	923	1,157
Percentage of directors convicted	45.9%	47.7%	47.4%	51.1%	48.9%	50.8%	49.4%	51.3%	40.7%	42.6%
Number of companies involved in proceedings	3,450	3,453	3,272	3,193	3,511	3,088	438	1,188	1,851	2,217
Number of companies in which directors were convicted	1,714	1,712	1,623	1,707	1,901	1,667	215	695	793	1,030
Percentage of companies in which directors were convicted	49.7%	49.6%	49.6%	53.5%	54.1%	54.0%	49.1%	58.5%	42.8%	46.5%

Table 4 – Prosecutions under Scottish Partnerships

Prosecutions under the Scottish Partnerships (Register of People with Significant Control) Regulations 2017, 2017-18 to 2023-24							
	2017-18	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Offence: Failure to comply with the provisions of People with Significant Control							
Charges laid in court	-	-	-	47	41	18	4
Outcomes of charges laid in court:							
Convictions	-	-	-	0	1	0	5
Charges withdrawn - no longer in the public interest	-	-	-	3	70	22	1
Adjourned to a later hearing date	-	-	-	44	14	10	1
Offence: Failure to deliver confirmation statements							
Charges laid in court	-	-	-	38	45	86	47
Outcomes of charges laid in court:							
Convictions	-	-	-	0	1	1	45
Charges withdrawn - no longer in the public interest	-	-	-	2	61	49	21
Adjourned to a later hearing date	-	-	-	36	19	55	26
Partnerships							
Number of partnerships cited to court	-	-	-	49	52	107	32
Number of partnerships convicted	-	-	-	0	1	1	26
Percentage of partnerships convicted	-	-	-	0.0%	1.9%	0.9%	81.3%

Table 5 – Civil penalties for late filing of annual accounts

Financial year	Number of civil penalties for late filing of annual accounts
2016-17	208,995
2017-18	216,088
2018-19	219,313
2019-20	217,841
2020-21	180,234
2021-22	385,110
2022-23	323,628
2023-24	296,760