



House of Commons

London

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Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Row  
London  
SW1A 2HQ

18 March 2022

Dear Chancellor,

We urge you to increase funding for our law enforcement agencies in the Spring Statement that is due to take place on March 23rd.

For too long, the UK has been the destination of choice for the world's crooks or kleptocrats to launder their dirty money. The National Crime Agency estimates that money laundering costs our economy £100 billion a year and fraud is estimated to cost us a further £190 billion annually, so UK economic crime totals £290 billion, at a conservative estimate, every 12 months. These figures demonstrate the sheer scale of the problem that these crimes pose to businesses, to our national security, and to our constituents.

We welcome the recently-passed Economic Crime (Transparency and Enforcement) Act as a first step in the right direction to ridding Britain of dirty money. The second Economic Crime Bill – which has been promised early in Parliament's next session – should further bolster our defences with the reform of Companies House. We urge the Government to include provisions in this legislation to tackle the enablers that are complicit in helping to launder dirty money, protect and compensate Whistleblowers, and to reform our outdated corporate liability laws so that we can identify and prosecute the individuals, companies and executives that fail to prevent economic crimes.

Yet to truly clamp down on the scourge of economic crime, we need more than just new laws. There is an economic crime enforcement gap in the UK that needs to be closed. The National Crime Agency has suffered a real-terms decline of 4.2% in its budget in recent years just as online fraud exploded during the pandemic. The Serious Fraud Office has experienced a string of high-profile failures, including the recent Unaoil case. Money laundering prosecutions across law enforcement have dropped 35% in the last five years.

In order for our law enforcement agencies to successfully deliver on the promise of the Government's new legislation, your department must boost the resources available. The Minister for Small Business said last week in Parliament that the Government will spend as little as £400 million on tackling economic crime throughout this spending review period, some of which will come from the private sector through the new Economic Crime Levy. Without additional means, our already struggling enforcement agencies will be unable to effectively enforce existing laws – let alone new ones.

We urge you to commit to a significant uplift in the core funding of the key economic crime enforcement agencies in this week's Spring Statement. We urge you to increase the Economic Crime Levy so that the private sector – which creates much of the risk from illicit finance – contributes a fair share to enforcement, to extend the new cost caps for unexplained wealth orders to other areas of enforcement to make prosecutions more cost effective, and to raise the cost of forming a company



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from £12 to £50, would still keep us globally competitive whilst also ensuring that Companies House will be self-funding long into the future.

A further incentive for fully equipping our enforcement agencies is that successful prosecutions bring in money too and pay for themselves many times over. In the financial year 2020-21, HMRC delivered a total of £30.4 billion of compliance yield with an expenditure of £1,166.5 million on Customer Compliance Group, equating to £26 for every £1 spent. Law enforcement bodies responsible for fighting economic crime brought in £3.9 billion between 2016-2021 in fines, confiscations, and forfeitures. If this money had been reinvested in agencies on top of core budgets, according to Spotlight on Corruption, an additional £748 million a year could have been added in public investment. A major independent review of the Asset Recovery Incentivisation Scheme is needed to shed light on its workings and to improve its effectiveness.

Collectively these measures could allow the Treasury to double law enforcement budgets to tackle economic crime, with little to no cost to the taxpayer. That extra funding would allow us to take a tougher stance on enforcement like our allies in the US, where prosecutions for economic crime are much more common and the value of fines can reach nearly 10 times those issued in the UK. Or if Government wanted to be really ambitious, we should commit to spending 0.1% of GDP annually on funding core national-level economic crime enforcement bodies.

These are practical steps that the Government could take in order to radically alter the economic crime landscape in favour of our law enforcement agencies. It would allow them to recruit and retain high-calibre staff as well as pursuing more prosecutions. We urge you to consider this as a matter of priority in the Spring Statement given the current crisis in Ukraine and the effect that dirty money continues to have on our economy and democracy. Only then will we fully realise Britain's ambition to be a trusted and reputable financial services centre with a thriving, clean economy and respect for the rule of law.

Best wishes,

Dame Margaret Hodge MP  
APPG on Anti-Corruption & Responsible Tax

Kevin Hollinrake MP  
APPG on Fair Business Banking

Co-signed by,

Andrew Mitchell MP  
Tom Tugendhat MP  
Simon Fell MP  
Nigel Mills MP  
Layla Moran MP  
Catherine McKinnell MP  
Mr John Baron MP  
Stephen Timms MP  
Ms Marie Rimmer MP  
Stella Creasy MP

Alison Thewliss MP  
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Rushanara Ali MP  
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Charlotte Nichols MP  
Peter Dowd MP  
Lord Davies of Gower  
Lord Cromwell  
Baroness Kramer  
Lord Sharkey



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