

Economic Crime CSOSG Meeting

Minutes

Group: Civil Society Organisations Steering Group

Date and Time: Friday 22nd January 2021, 10am-12pm

Attendees: **CSOSG:** Helena Wood (Chair), Isabella Chase, Jonathan Van Der Valk, Tom Keatinge (RUSI); Susan Hawley (Spotlight on Corruption); Steve Goodrich (Transparency International UK); Mia Campbell, Zara Fisher (Fraud Advisory Panel).

(HMG From 11am): Owen Rowland, Lynsey Lauer, Andrew Preston (Home Office); Catherine Kernaghan (HMT), Andy Ryan (Home Office)

Minutes of Meeting:

Internal CSOSG Meeting (10-11am)

Introductions were made, and the minutes of the last meeting were agreed upon.

Updates were given on organisational plans and activity for the forthcoming quarter:

Fraud Advisory Panel:

- The group is currently working on a major fraud conference week on 2 & 3 February.
- The FAP is now winding down its Covid-19 fraud taskforce and is looking at ways to protect companies from fraud when the country emerges from the pandemic.
- The FAP will soon be publishing a White Paper on its work looking at the future Economic Crime Court.

Spotlight on Corruption (SPoC):

- SPoC made a detailed submission to the Treasury Select Committee on economic crime.
- They submitted to the Law Commission review on Part 2 of POCA.
- They continue to run a coronavirus/economic crime news reporting service and this has recently been expanded to include Brexit.
- Corporate liability continues to be a focus, and the organisation has been engaging with recent Parliamentary efforts to amend legislation.
- They are working on a deep dive into professional body legal supervisors.

Transparency International UK:

- TIUK has submitted evidence to the Treasury Select Committee's economic crime inquiry.
- TIUK have made a submission to BEIS in response to the second consultation on Companies House reform.
- The research and investigations team has been examining TCSPs, as well as how the UK has formed a weak point in global defences against industrial scale money laundering coming out of the former Soviet Union.
- They are also beginning to assess electronic money institutions as a burgeoning risk area.

- Work is also underway on looking at sanctions, with a group of organisations examining what the future of the UK human rights sanctions regime.

RUSI:

- RUSI is continuing work on the integrity of the corporate registry. In this stream of work, they are collaborating with Oliver Bullough to create a short film and hosting a seminar in February with Martin Swain, Head of Strategy at Companies House in February.
- On AML supervision, RUSI will be working on a policy brief over the coming months which will examine how the UK's AML supervision system for the non-financial sector compares internationally and what the UK could learn from comparable international partners.
- RUSI is supporting work to develop the illicit finance aspects of the G7 agenda.
- RUSI continues to support policy development on TTOs and attend the innovation and effectiveness working groups.
- Outside of the ECP programme, RUSI will publish a paper on fraud as a national security on Tuesday 26 January. This will be followed by an event in March with new RUSI trustee, Amber Rudd, as a panellist.
- On sanctions, RUSI is working closely with FCDO partners. Multiple members of the CSOSG have an interest in this area. It was agreed that collaboration was key.

Action: RUSI, TIUK and SPoC to discuss collaboration in this area.

Discussion on group membership:

Members discussed organisations with a potential interest in joining CSOSG.

- Global Witness are to confirm whether they will step down from the group given their change in focus. HW to confirm with GW for next meeting.
- RUSI proposed the Sentry, which received preliminary approval from other members. **Action:** RUSI will forward the terms of reference to them to gauge their interest.
- Which? was also proposed as a member, which received preliminary approval as they cover a consumer angle. **Action:** The FAP will contact Which? to discuss their interest.
- SpOC proposed the Anti-Corruption Coalition Coordinator. **Action:** SpOC to contact.

Discussion on priority areas to discuss with officials:

The group agreed on the following five areas for priority discussion with officials.

- Corporate integrity, including Companies House reform
- AML supervision, including HMRC's new strategy.
- Resourcing of enforcement, including policing.
- The impact of Brexit on economic crime policy
- Public registers of Overseas Territories and Crown Dependencies

Meeting with Officials (11-12pm):

HM Government updates on progress and priorities for economic crime Q1/2 2021:

- Owen Rowland (Home Office) updated the group on progress. In general terms, delivery of the plan is progressing well. HMG are starting to build in better performance measures to measure the impact of delivery of the actions.
- Lynsey Lauer (Home Office) covered HMG's key achievements in the area over the last year, outlining how 20 out of the 52 actions in the ECP have been delivered. A presentation was given outlining progress in the areas of SARs reform and information sharing, fraud, public-private operational activity, and enablers.
- Andrew Preston (Joint Anti-Corruption Unit) briefed the group on HMG's areas of international cooperation on economic crime, including work as part of the G20 and Open Government Partnership, under the G7 presidency and bi-laterally with the new Biden administration (US).
- The agenda for the ECSB was outlined – Included are an economic crime plan stocktake and look at future priorities, an examination of fraud strategy, a look at a sustainable resourcing model, and assessment of the response to cash-based money laundering.
- Officials emphasised that they were pleased to secure funding on economic crime reform and Companies House reform in the interim spending review.

CSOSG member priorities/input on economic crime policy:

This was an opportunity for CSOSG members to raise their priority issues with officials.

- On HMG's resourcing strategy to fight economic crime participants inquired as to how the £63m in additional funds will be spent following the spending review, and what work is being done to attract and retain the required staff.

- In terms of the spending review, the public announcement indicated that £63m will be dedicated to SARs reform, the continued expansion of the NECC, funding of the new fraud and cyber reporting service and Companies House reform.
- On financial investigators and recruitment – HMG are working to implement the outcomes of the review of the Proceeds and Crime Centre and are actively considering the issue of staff retention, which they recognised as an issue.

- On Companies House reform, it was asked whether there are plans to increase company formation fees to fund transformation. Officials confirmed that there is no immediate plan to do so.

- On fraud reporting, the FAP asked if there are plans to better consolidate fraud reporting from the multi-channel approach in place currently. Officials noted that this is an issue on which they welcome outside thoughts.

- On the fraud strategy, members noted that there is an emphasis on prevention, but there is also a need for improvement on enforcement. HMG confirmed that the enforcement approach is being considered.

- On fraud policing, members noted that the spending review bid to bolster fraud policing had been unsuccessful. Members asked whether there are any plans to revisit this in the future. Officials confirmed that there may be scope to revisit this in future spending reviews.

- Members asked about the impact of Brexit on HMG economic crime policy. Officials confirmed that economic crime was still a major focus and seen as a 'competitive advantage' for the UK when attracting business post-Brexit. There is also an opportunity for the UK to have a more robust sanctions regime now that it is outside the EU.

- Members requested an update on work with the BOTs and CDs on public registries. Officials detailed progress made to date. As regards the British Virgin Islands commission of inquiry, officials noted the need to let this conclude before drawing conclusions.

Discussion on 'POCA 2.0':

The group discussed opportunities for CSO input on development of the forthcoming 'POCA 2.0' legislation. Officials noted the current plans and timetable and noted that this will determine the timetable for involving CSO bodies.

AOB

Action: RUSI to work with CSOSG members and HMT to set a date for meeting with HMT Officials to discuss the National Risk Assessment.