PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

CRIMINAL FINANCES BILL

Fourth Sitting

Thursday 17 November 2016

(Afternoon)

CONTENTS

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Monday 21 November 2016

The Committee consisted of the following Members:

Chairs: Mrs Anne Main, †Sir Alan Meale

† Arkless, Richard *(Dumfries and Galloway)* (SNP)
† Atkins, Victoria *(Louth and Horncastle)* (Con)
† Dakin, Nic *(Scunthorpe)* (Lab)
† Davies, Byron *(Gower)* (Con)
Dowd, Peter *(Bootle)* (Lab)
† Drummond, Mrs Flick *(Portsmouth South)* (Con)
† Elphicke, Charlie *(Dover)* (Con)
† Ghani, Nusrat *(Wealden)* (Con)
† Griffiths, Andrew *(Lord Commissioner of Her Majesty's Treasury)*
† Harris, Carolyn *(Swansea East)* (Lab)
† Hunt, Tristram *(Stoke-on-Trent Central)* (Lab)
† Huq, Dr Rupa *(Ealing Central and Acton)* (Lab)
† Mann, Scott *(North Cornwall)* (Con)
† Mullin, Roger *(Kirkcaldy and Cowdenbeath)* (SNP)
Sandbach, Antoinette *(Eddisbury)* (Con)
Vaz, Keith *(Leicester East)* (Lab)
† Wallace, Mr Ben *(Minister for Security)*
† Wood, Mike *(Dudley South)* (Con)

Colin Lee, Ben Williams, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 17 November 2016

(Afternoon)

[Sir Alan Meale *in the Chair*]

Criminal Finances Bill

Clause 12

Forfeiture of certain personal (or moveable) property

2 pm

Richard Arkless (Dumfries and Galloway) (SNP): I beg to move amendment 58, in clause 12, page 40, line 1, and end insert—

"(g) betting slips;

(h) casino chips."

This amendment includes betting materials that can be used to store the proceeds of criminal activity.

The Chair: With this it will be convenient to discuss Government new clause 10.

Richard Arkless: Amendment 58 would extend the definition of "listed asset" in proposed new section 303B of the Proceeds of Crime Act 2002 to include betting slips and casino chips. The Minister helpfully acknowledged on Second Reading that he would consider tabling an amendment to deal with those two means of retaining value, and I understand that new clause 10 has been tabled in that regard.

Although I fully commend the spirit of new clause 10, it will achieve that change not by adding to the definition of listed asset but by expanding the definition of cash to include gaming vouchers and fixed-value casino tokens. On the latter, we are in agreement: in effect, the new clause does what it says on the tin. It will extend the meaning of cash and therefore make fixed-value casino tokens catchable. Our concern is that "gaming voucher" is specifically defined in new clause 10 as

"a voucher in physical form issued by a gaming machine".

We do not believe that that covers betting slips. Therefore, although we welcome the tone and construct of new clause 10, we feel that there is one means of retaining value that it does not cover, and that is covered in amendment 58.

The Minister for Security (Mr Ben Wallace): I am grateful to the hon. Member for Dumfries and Galloway for his amendment, which was set out in his party's manifesto for this year's Scottish Parliament elections. The Government take this issue seriously, as do the Scottish Nationalist party and the Scottish Government.

As we have heard, to avoid detection, criminals use a range of means to transfer value among themselves. Law enforcement agencies and prosecutors—particularly those operating in Scotland—have made us aware of criminals' use of gaming vouchers and casino chips to do that. There has been media coverage of drug dealers using fixed odds betting terminals to convert cash obtained from street drug dealing into vouchers issued by those machines. Those vouchers can either be converted into cash at the bookmaker, thus laundering the funds, or transferred to another person to pay the drug dealer's debts.

The Proceeds of Crime Act contains provisions that enable law enforcement agencies to seize cash, but those provisions do not extend to the type of criminal tactic that I have just described, so clauses 12 and 13 seek to allow those agencies to freeze, seize and seek forfeiture of illicit funds held in bank accounts and other forms of criminal property used to transfer value. It has always been the Government's intention to include gambling vouchers and casino chips in those provisions, as I made clear on Second Reading. When the Bill was introduced, we were still looking at the best way of achieving that in legislation, but I tabled new clause 10 on Monday—I apologise for doing so at the beginning of the Committee stage and not giving hon. Members more time to look at it—which will add gambling vouchers and casino chips to the definition of cash in the Proceeds of Crime Act and allow law enforcement agencies to seize those items on the same basis as they can seize cash, where their individual or aggregate value is more than £1,000.

Officers will have to demonstrate to a court that they have reasonable grounds for suspecting that vouchers or casino chips are either proceeds of crime or intended for use in unlawful conduct. That is an important safeguard that we apply to all forms of seizure. Law enforcement agencies will need to show why they seek the detention of the property, and will be able to seek administrative forfeiture of vouchers or tokens, or the agreement of a court. In all cases, an individual who believes that such vouchers or tokens are theirs legitimately will be able to challenge their detention or forfeiture.

I turn to the hon. Gentleman's point and why we have used the term "gaming vouchers" rather than "betting slips". In discussions with law enforcement agencies, we have identified that there is a major concern about the laundering of proceeds of crime through machines that provide a guaranteed return if they are played in a certain way. Those machines produce pay-out vouchers with a value that can then be cashed in. Betting slips, such as those used for horse racing, are used for betting with no guaranteed return and, therefore, are much more risky for use in money laundering.

However, once the points had been raised by the hon. Gentleman, I asked officials to examine whether there is potential to extend the Bill to ensure that we cover betting slips as well. As someone who likes the horses and knows his way round a losing—rather than a winning—bet, I understand that the ability to exploit that type of bet could potentially lead to such money laundering.

Carolyn Harris (Swansea East) (Lab): The Minister may be aware that I am the Chair of the all-party group on FOBTs. I have grave concerns about bookmakers not reporting unusual and excessive activity on B2 machines by people who would not normally have that kind of disposable income. Is the Minister satisfied that leaving it up to the betting industry to self-report is adequate?

Mr Wallace: If memory serves me right, the Gambling Commission has the power to carry out a range of investigations and to impose conditions on bookmakers.

I hear the hon. Lady's point loud and clear. I have the same concern in my part of the world in the north-west about whether bookmakers are properly regulated and carrying out their obligation to report suspicious bets, as they currently do under the law. That is more a question of whether we are doing enough to enforce the law. Existing laws are quite strong, though some bookies' shops—I suspect, as she does—have a way to go. If criminals know that we can seize their FOBT print-outs, they might be less likely to stick their money in the FOBT in the first place. We have put provisions in the Bill because they are pretty canny. When POCA came in in 2002, they realised that we could seize cash, so off they went. They are pretty good at moving the cash. No doubt, one day we will be back again, maybe saying that they have used telephone cards or whatever, and we will have to adapt the legislation in time.

The Government's amendment chooses to put the provision into POCA, as opposed to the route chosen by the Scottish Nationalist party, because we believe that these items are better placed in cash provisions, because they have no real use other than to be turned into cash. The listed items of moveable property have an intrinsic use as well as being a store of value, and they need to be dealt with under the provisions that we have introduced into the Bill.

The listed items of moveable property clause also contains detailed provision about dealing with non-severable property and competing joint-owner claims that are not relevant to gambling vouchers. As I said, we are considering this as part of the Treasury's review of regulation under the change to the fourth anti-money laundering directive when it comes to self-reporting of suspicious activity and fixed odds betting. That is under review by the Treasury as well, so I hope everyone will get their collar felt if they do not comply with one directive or another.

I hope hon. Members will agree that that would achieve the results they were after and, accordingly, I invite them to withdraw their amendment.

Richard Arkless: I thank the Minister for his comments and it is clear that extending the definition of cash, as the Government intend in the Bill, achieves the same outcome as we desired in extending the list of assets. I accept the Minister's point that those assets have an intrinsic value, and perhaps the other ones are best suited to the extension of the definition of cash.

On the basis of the Minister's commitment to examine the specific issue of betting slips and if we can agree that the evidence suggests that they are a moveable item that can store value that could be easily used by criminals, I am sure—given his tone—that we could discuss that further down the line. Given that assurance and the long list of things that we will consider as the Bill passes through its stages, I will take the Minister at his word. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

Mr Wallace: As a former Member of the Scottish Parliament, I might be accused of favouring one part of the United Kingdom over another with all the concessions.

Richard Arkless: Given the Minister's time in Scotland, he might want to refer to my party as the Scottish National party, not the Scottish Nationalist party.

Mr Wallace: Well, I will not say what we used to call it when I was in the Scottish Parliament. We will call it the SNP. I never say "separatists", obviously.

Clause 12 will create new powers to seize and forfeit moveable items of property where they are suspected to be the proceeds of crime. Criminals launder the proceeds of their crimes to benefit from their criminal activity and carry it on. They are resourceful in using any mechanism to hold and move illicit funds, and we need to ensure that we are able to respond to that threat. Criminals hold the proceeds of crime in a variety of forms, which act as a store of value and a means through which such value can be transferred. Some, such as cash, gold and diamonds, can be easily moved or concealed. In some cases, these items can be readily sold for cash or dissipated through other means.

We want to take action to prevent criminals from transferring their illicit funds however they choose to do it, and the clause should be seen as part of a framework for seizing such assets, alongside the existing cash seizure provisions in the Proceeds of Crime Act and the new provisions in clause 13 for the freezing and forfeiture of funds held in bank accounts.

The cash seizure and administrative forfeiture procedures in POCA were designed to prevent cash from being moved or dissipated in the time that it would take to seek a restraint order. Cash seizure is widely used, both inland and at the UK border. The existing legislation does not allow law enforcement agencies to take the same action in the case of other highly mobile stores of value. Evidence suggests that those items are being used to move value both domestically and across international borders.

The clause will give law enforcement agencies new powers to seize and forfeit certain listed items, such as precious metals and stones, where they have reasonable grounds to suspect that those items are the proceeds of crime or are intended for use in unlawful conduct. The clause will strengthen law enforcement agencies' ability to disrupt criminal funding by preventing value from being transferred and enable the recovery of criminal property.

The Bill sets out the list of items that can be seized by agencies. The list has been drawn from discussions with law enforcement agencies and from reviewing the approach taken by other states. We have set the minimum value level for the seizure of listed items at £1,000, which is the same as for cash. There will be no upper limit, again mirroring the existing cash provisions. We have set no higher limit, as we believe there are potential circumstances where the value of the item is likely to be significant, and law enforcement agencies need the power to seize the item if there is reasonable suspicion that it is the proceeds of crime. There is evidence of that, particularly in relation to works of art being used to store illicit value and then transferred internationally. Some Members might have heard last week that a French impressionist painting was discovered in a mafia house. Should we discover one of those in the United Kingdom, I do not think we would like to cap what we could seize. I want to be clear that we do not intend that this power should

[Mr Wallace]

be used indiscriminately. That is why the power can be used only in respect of certain listed items and is subject to oversight by a court.

We have also introduced two additional safeguards. First, within six hours of the seizure, a senior officer must review the seizure and authorise the continued detention. Secondly, we are not, in these cases, permitting administrative forfeiture. That procedure is available in the existing cash forfeiture system and allows a law enforcement agency to forfeit cash without obtaining a court order, in circumstances where the owner does not object. Owing to the possibility of greater complexity of the cases, such as property being jointly owned and difficult to sever, administrative forfeiture is not appropriate. We want to ensure that law enforcement agencies have the powers they need to seize such items. At present, there is a short list, but we intend that it will be amended over time to reflect changes in criminal behaviour.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Amendment 58 looks quite attractive. The hon. Member for Dumfries and Galloway and I served together on the Select Committee on Justice and went to America. I was quite tempted by his amendment, but I am now reassured by the Minister that Government new clause 10 addresses those concerns. It is added to the list for the ever longer meeting they will have.

Mr Wallace: You can come along.

Dr Huq: Can I come too? Okay. One point occurs to me—to dispel any suspicions of HMRC regulating the art market, how will those paintings be valued? I imagine it is the best of three, with experts, but I wonder how that will be enforced.

Mr Wallace: I am not an art historian or expert. We would probably get Philip Mould from the television to come along. In reality, like with everything else, there is probably a proper valuation process held and items are disposed of that way. If they wanted my services, I would be useless.

The Chair: Order. To help the hon. Lady, I think she will find that, in the evidence produced on Tuesday, one of the witnesses from Her Majesty's Revenue and Customs said that they recovered assets and then called in experts who valued them.

Dr Huq: Thank you, Sir Alan. I guess there is a serious point behind this: sometimes it is unclear who is the prime enforcer. We want some reassurance, which I am sure will come, that structures are in place, but we are big fans of the clause on the whole.

Question put and agreed to.

Clause 12 accordingly ordered to stand part of the Bill.

Clause 13

Forfeiture of money held in bank and building society accounts

Question proposed, That the clause stand part of the Bill.

2.15 pm

Mr Wallace: The clause introduces a new provision into the Proceeds of Crime Act 2002. Criminals need to launder the proceeds of their crimes to carry on their criminal activity. As I outlined on clause 12, we need to ensure that we are able to respond to that threat.

POCA already contains provisions for the seizure of cash, but we do not have an equivalent power to take quick and effective action against funds held in bank accounts, and criminals know that. Given the use made by criminals of the banking system, we need to plug that gap. At present, it is difficult for law enforcement agencies to take action against many such accounts because their values are below the limits for civil recovery. The clause will allow the police or the National Crime Agency to seek the freezing and forfeiture of those funds.

The clause will give law enforcement agencies new powers to freeze and forfeit funds held in bank and building society accounts. The measure will have two significant effects. First, it will be easier and quicker for law enforcement agencies to seize the illicit funds held by criminals who abuse the banking system to store and transfer the proceeds of their crime. Secondly, it will also make it clear to criminals that we can take immediate and effective action against their abuse of the financial system.

The provisions we are putting in place will support the forfeiture of funds in bank accounts that have been suspended by the banks when they have serious concerns regarding the use of the accounts. The banks welcome the certainty that will bring. The provision will of course be accompanied by appropriate safeguards. An account cannot be frozen unless there are reasonable grounds to suspect that the funds in it are the proceeds of crime or will be used to fund criminal activity. The freezing of an account will be overseen by a court, which will be able to make an exclusion to allow the account to be used to support a person's reasonable living expenses or to continue to run a legitimate business.

Forfeiture can be undertaken administratively by the law enforcement agency exercising the provision in uncontested cases. When the forfeiture application is contested, the matter will be decided by the court. The funds in the account will not be transferred to the law enforcement agency account until the forfeiture order is made. I hope that sufficiently reassures the Committee about the need for the power and how it will be used.

Dr Huq: It sounds like there will be sufficient judicial oversight in this space. We know that a lack of bank regulation previously led to some nasty incidents in our history, so we support the clause.

Question put and agreed to.

Clause 13 accordingly ordered to stand part of the Bill.

Clause 14

Serious Fraud Office

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

That schedule 1 be the First schedule to the Bill.

Clauses 15 and 16 stand part.

Government amendment 11.

Government new clause 9—*Immigration officers.*

Mr Wallace: We come to chapter 4 of the Bill. This group concerns clauses 14 to 16, schedule 1, amendment 11 and new clause 9, which relate to provisions that grant officers of a number of agencies access to new powers under the Proceeds of Crime Act.

Clause 14 and schedule 1 amend POCA to grant officers of the Serious Fraud Office direct access to the wide range of powers under POCA without the unnecessary existing step of their having first to be accredited and monitored as accredited financial investigators by the National Crime Agency. We are also granting officers access to the new powers proposed elsewhere in the Bill, including the power to extend the moratorium period under clause 9 and the new seizure and forfeiture powers in clauses 12 and 13.

It is, of course, only right that those using the intrusive powers provided by POCA are trained and monitored to ensure that the powers are not misused. However, officers of the SFO are experienced and well trained in the use of POCA powers and have appropriate oversight arrangements.

Clauses 15 and 16 amend part 5 of POCA to grant the powers for the civil recovery of assets to both HMRC and the Financial Conduct Authority. Expanding the civil recovery powers to HMRC and the FCA will improve both the capability and capacity for civil recovery. It will ensure they have access to the full suite of investigatory powers to support them in their civil recovery investigations. The use of those powers is governed by an existing code of practice, which will be amended. The Bill will also enable the SFO, HMRC and the FCA to apply for unexplained wealth orders. As we have discussed, the civil recovery provisions in POCA are robust and powerful, and giving additional bodies access to those powers will strengthen the UK's overall response to serious and organised crime.

Clauses 12 and 13 provide for new freezing, seizure and forfeiture powers. At present, the Bill allows the police, the National Crime Agency, the SFO and accredited financial investigators to use those powers. Amendment 11 and new clause 9 will extend the use of those important new powers to immigration officers to support their investigations into immigration offences and to take action against criminal property that is the proceeds of immigration crime, or that is being used to fund further immigration offences. Those officers will also be able to seize suspected criminal property obtained through offences unrelated to immigration if they encounter them during immigration investigations. The amendment will strengthen the UK's ability to tackle money laundering and will allow for the seizure of more criminal assets.

Dr Huq: We will support the clause. However, the amendment will lead to an increased workload for agencies such as the SFO and others. Our new clause will be debated later, but we would like an assurance that the blockbuster funding model that they currently operate, which seems to momentarily splash cash, will be replaced with some sort of consistent funding model, because their workload is going to increase and the investigation time in the courts is increasing. That is my only caveat.

Mr Wallace: In response to the hon. Lady, some of the measures in the Bill actually make their jobs easier. Although it might give them more people to catch, the fact that they are going to have disclosure orders and that they will be able to use things such as unexplained wealth orders as an investigatory measure, and the fact that we are going to improve the subject access request data sharing regime, so that the private sector produces more quality referrals rather than just a blurb of quality, will hopefully make their jobs easier when it comes to an investigation. In one sense, all of those barriers that they have to get through at the moment will be removed, which, hopefully, will make them more productive.

I recognise the hon. Lady's point about the funding of the SFO and other agencies. Under the comprehensive spending review and the SDSR, we found quite a lot. SFO officers are already doing this work. It is here to be—*[Interruption.]* My writing is appalling. One of the reasons we want to remove their need be accredited financial investigators is that that is another hurdle that will get in their way and make them less productive, so we have removed some of those issues.

Dr Huq: It is the NCA as well. Both of those big reports from the Home Affairs Committee and the Public Accounts Committee said that there should be more consistent funding, but I am not going to let that niggle get in the way right now because we have a whole clause on that coming at the end.

Question put and agreed to.

Clause 14 accordingly ordered to stand part of the Bill.

Schedule 1 agreed to.

Clauses 15 and 16 ordered to stand part of the Bill.

Clause 17

Search and seizure warrants: assault and obstruction offences

Question proposed, That the clause stand part of the Bill.

Mr Wallace: This clause, and those that follow, fill a gap in the general law relating to those who conduct investigations of being placed in danger of being assaulted or obstructed. It is a general offence to assault another person, but in addition to that, police officers and HMRC officers are protected by specific offences that relate to the obstruction or assault of those officers in the course of their duties.

There are two very good reasons for specific offences. Those officers, by the very nature of their actions and work, face a much higher danger and likelihood of being assaulted. For example, they often enter the residences of serious criminals. I am sure the Committee sees that that is a wholly different scenario from what is envisaged in the general offence of assault. We, as law-abiding citizens, are not actively placing ourselves in situations that put us in danger.

Although we are unaware of any prosecutions relating to the assault or obstruction of police officers or others while exercising powers under the Proceeds of Crime Act,

[Mr Wallace]

there is wide recognition that it is an important safeguard. It is a gap in the law that under POCA, investigators of certain agencies are put in situations where they could be assaulted or obstructed, and yet there are no connected offences. Section 453A of POCA has already created assault and obstruction offences for civilian accredited financial investigators operating under the Act. The clause provides that those who can execute search and seizure warrants in civil recovery investigations have a similar protection.

Dr Huq: We have had two good debates on the Floor of the House recently about the assault of police officers. These are very good provisions, and we are happy to support them.

Question put and agreed to.

Clause 17 accordingly ordered to stand part of the Bill.

Clause 18

ASSAULT AND OBSTRUCTION OFFENCE IN RELATION TO SFO OFFICERS

Question proposed, That the clause stand part of the Bill.

Mr Wallace: The clause addresses a gap in the law relating to those who conduct investigations being placed in danger of being assaulted or obstructed. Much of what I said in relation to clause 17 also applies here. We are extending powers to SFO officers elsewhere in the Bill—in clause 14 and schedule 1, as well as clauses 12 and 13. In doing so, we place them in the position of being vulnerable to being assaulted or at least obstructed.

Unlike the police, HMRC officers and others, there is no specific offence that relates to SFO officers who are assaulted or obstructed in the course of their duties in general. The Bill therefore creates one to support the more general provisions of extending powers to the SFO. SFO officers currently access the powers in POCA as accredited financial investigators, and there are offences of assault and obstruction that relate to them. As accredited financial investigators, they are therefore protected by the offences in section 453A. The clause will simply copy the same approach, to reflect the fact that they will be able to operate the powers in their own right.

Dr Huq: This appears to us an entirely logical extension of the anti-assault powers. I know that taxmen are not always the most popular people, but I think MPs and used car salesmen are the most unpopular in the rankings of professions. We thoroughly support the clause.

Question put and agreed to.

Clause 18 accordingly ordered to stand part of the Bill.

Clause 19

OBSTRUCTION OFFENCE IN RELATION TO IMMIGRATION OFFICERS

Amendment made: 11, in clause 19, page 72, line 36, at end insert—

"( ) section 303C as so applied (powers to search for a listed asset);

( ) section 303J as so applied (powers to seize property);

() section 303K as so applied (powers to detain seized property);"—*(Mr Wallace.)*

This amendment is consequential on NC9.

Question proposed, That the clause, as amended, stand part of the Bill.

Mr Wallace: This clause is similar to clauses 17 and 18. It addresses the need for an offence of obstruction, in this case to apply to immigration officers. Much of what I have already said in relation to such an offence also applies here. Under section 21(1)(g) of the Immigration Act 1971, a person commits an offence if they obstruct an immigration officer who is lawfully acting in accordance with their powers under that Act. That obstruction offence does not apply to the exercise of powers under the Proceeds of Crime Act.

As immigration officers now regularly use their powers under POCA—in particular since the extension of those powers in the Crime and Courts Act 2013—it is consistent for them to have a related obstruction offence. The clause amends POCA to create such an offence. Immigration officers are already covered by a general assault offence under section 22 of the UK Borders Act 2007, so no further provision is required in relation to assault. We are also amending immigration officers' power of arrest without warrant to include this new offence.

Dr Huq: Again, Her Majesty's Opposition entirely support this clause in relation to obstruction of immigration officers in the line of duty.

Question put and agreed to.

Clause 19, as amended, accordingly ordered to stand part of the Bill.

Clause 20

EXTERNAL REQUESTS, ORDERS AND INVESTIGATIONS

Question proposed, That the clause stand part of the Bill.

Mr Wallace: Clause 20 makes a technical change, consequential to clause 18. Under section 444 of POCA, an Order in Council can be made to set out the procedure for providing assistance to other countries in freezing and confiscating property in the UK that is related to their cases. The Order in Council can create provisions that correspond to those available in our own domestic cases. The clause ensures that any offence created relating to the assault or obstruction of an SFO officer mirrors the one that we are creating domestically under clause 18. I hope the clause stands part of the Bill.

Dr Huq: Again, we have heard that these criminals often do not respect borders and maps, so we support the move to extend the provisions to external requests.

Question put and agreed to.

Clause 20 accordingly ordered to stand part of the Bill.

Clause 21

SEIZED MONEY: ENGLAND AND WALES

2.30 pm

Mr Wallace: I beg to move amendment 12, in clause 21, page 73, line 17, at end insert—

"( ) In subsection (2), for paragraphs (a) and (b) substitute—

"(a) has been seized under a relevant seizure power by a constable or another person lawfully exercising the power, and

(b) is being detained in connection with a criminal investigation or prosecution or with an investigation of a kind mentioned in section 341,".

( ) After subsection (2) insert—

"(2A) But this section applies to money only so far as the money is free property."

( ) Omit subsection (3).

( ) In subsection (5), for "bank or building society" substitute "appropriate person".

( ) In subsection (5A), at the beginning insert "Where this section applies to money which is held in an account maintained with a bank or building society,".

( ) In subsection (7A), after "applies" insert "by virtue of subsection (1)"."

This amendment broadens the circumstances under section 67 of the Proceeds of Crime Act 2002 in which a court may order detained money to be paid in satisfaction of a confiscation order, by providing that the section applies to money that has lawfully been seized by any person (rather than only by constables) under a relevant seizure power, and by removing the requirement that the money is held in an account maintained with a bank or building society.

The Chair: With this it will be convenient to discuss Government amendments 13 and 14.

Mr Wallace: Amendments 12, 13 and 14 are a logical extension of powers that are already within POCA. Section 67 of POCA provides the magistrates court with a power in relation to money seized by the police or HMRC under the Police and Criminal Evidence Act 1984 that has to be paid into a bank or building society account. The court can order that money be paid to the court in satisfaction of a confiscation order. The money still belongs to the criminal. Therefore, section 67 avoids the ridiculous scenario of money being paid back into the criminal bank account when there is an outstanding confiscation order to pay. The amendments do not break new ground, but extend the established logic of section 67. When the police have possession of a criminal's money, they should be able to transfer that across in the payment of a confiscation order, rather than return it to the criminal.

The amendments do three things. First, section 67 currently applies only to police and HMRC officers. The amendments effectively extend the powers to law enforcement officers who have the power to seize money, including immigration officers and SFO investigators. Secondly, the provision will now apply to money that has been seized under any power relating to a criminal investigation or proceeding, or under the investigatory powers in POCA. Instead of being limited to money seized under the Police and Criminal Evidence Act, this removes an unnecessary restriction. Many other powers of seizure should come from this provision's scope, such as those in the Immigration Act 2016.

Thirdly, section 67 currently applies only to money that has been paid into a bank or building society account. That is another false limitation. For example, if money has evidential value it will not be paid into an account. It may be required at a trial as evidence that it is contaminated with a trace of drugs or explosives. It would be odd that a convicted drug trafficker with an outstanding confiscation order has his money returned by the police purely because that money was used as evidence in his trial, and not paid into his bank account.

There was no provision equivalent to section 67 in Scotland. Section 67 applied in England and Wales, and was similar to section 215 for Northern Ireland. I draw the Committee's attention to clause 23, which introduces a similar power in Scotland. In constructing clause 23, we have been made to rethink the scope of section 67. We have come to the conclusion that it should be extended in the ways I have just described. We are also looking into whether to make similar amendments to the powers being introduced in Scotland and to the existing powers in Northern Ireland, and I will update colleagues in due course. I am sure the Committee will agree that this is an entirely sensible extension of the existing power to support the enforcement of confiscation orders.

Dr Huq: We do not oppose the amendment.

Amendment 12 agreed to.

Amendments made: 13, in clause 21, page 73, line 18, leave out subsection (2) and insert—

"( ) For subsection (8) substitute—

(8) In this section—

"appropriate person" means—

(a) in a case where the money is held in an account maintained with a bank or building society, the bank or building society;

(b) in any other case, the person on whose authority the money is detained;

"bank" means an authorised deposit taker, other than a building society, that has its head office or a branch in the United Kingdom;

"building society" has the same meaning as in the Building Societies Act 1986;

"relevant seizure power" means, subject to subsection (9), a power to seize money conferred by or by virtue of—

(a) a warrant granted under any enactment or rule of law, or

(b) any enactment, or rule of law, under which the authority of a warrant is not required.

(9) A power to seize money conferred by Schedule 1 to the Anti-terrorism, Crime and Security Act 2001 is not a "relevant seizure power" for the purposes of this section."

This amendment defines terms used in amendment 12 and makes a consequential change to the Bill.

Amendment 14, in clause 21, page 73, line 23, leave out "subsection (8)(a)" and insert—

"the definition of "bank" in subsection (8)".—*(Mr Wallace.)*

This amendment is consequential on amendment 13.

Question proposed, That the clause, as amended, stand part of the Bill.

Mr Wallace: The clause is a technical amendment to POCA, specifically to update references to the definition of "bank" in three sections. The current reference in POCA is to the Banking Act 1987, which was repealed in December 2001, before POCA was commenced. The reason for its repeal was to remove bank regulation

[Mr Wallace]

from the Bank of England, and to make it independent. Although no universal definition of a bank was given in the Banking Act, and nor is there any such definition in the subsequent legislative changes, a bank is defined by its activity as a deposit taking institution.

The only references in POCA affected by the change are those in three sections: section 67, section 215, and paragraph 6 of schedule 3. In addition, the definition will apply for the purpose of the new powers in the Bill to freeze and forfeit funds in a bank account.

Section 67 provides that where a confiscation order is made against a person, and moneys belonging to that person are held in a bank or building society account maintained by the police or HMRC, those institutions can be ordered to pay those moneys to the court. Section 215 makes equivalent provisions for Northern Ireland, and paragraph 6 of schedule 3 to POCA refers specifically to a Scottish provision relating to the deposit of certain moneys by an administrator into an "appropriate bank or institution".

These changes replicate, as much as possible, the previous provisions, while recognising that the legislation in the area has now changed. I hope the clause will stand part of the Bill.

Dr Huq: Once again, I am proud that the Proceeds of Crime Act was a Labour Act that we pushed through when we were in government. It is now being updated to reflect contemporary circumstances.

Question put and agreed to.

Clause 21, as amended, accordingly ordered to stand part of the Bill.

Clause 22

SEIZED MONEY: NORTHERN IRELAND

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clauses 23 to 28 stand part.

Mr Wallace: Clauses 22 to 28 contain a number of minor and technical amendments that will strengthen the operational impact of POCA powers. The clauses clarify and simplify the use of powers intended to recover criminal assets, and I will very briefly expand on those particular provisions.

Clause 26 makes technical amendments to the process that accredited financial investigators follow when seeking approval to use certain POCA search and seizure powers. Accredited financial investigators are not warranted officers, but may be employed by a police force or another public body. They have access to a wide range of powers under POCA, including certain search and seizure powers. They have access to search and seizure powers to seize property that may be subject to a future confiscation order. In order to use those powers, an accredited financial investigator has to seek the prior approval of either a justice of the peace or a senior officer. Currently, POCA only allows a civilian AFI to seek the approval from a senior AFI, as opposed to a senior police officer. This is not always practical from an operational point of view and creates an additional layer of bureaucracy. This measure allows civilian accredited financial investigators to seek authorisation from a police colleague who is at least the rank of inspector and therefore of equivalent seniority, thereby creating additional flexibility.

Clause 27 provides that an investigator has full access to investigation powers in section 22 revisits. Section 22 of the Proceeds of Crime Act allows an investigation to revisit any confiscation order so that any money acquired by a defendant in the future may be confiscated and satisfy a previous order. Currently, it is open to question whether an investigator's ability to identify money made by the defendant using the investigatory powers in POCA—for example, by monitoring bank accounts, searching property or requiring the production of evidence—is available for investigations linked to revisits. Clause 27 strengthens investigative powers, making confiscation revisits more effective and helping to make best use of the resources being put into revisiting confiscation orders.

The remaining clauses clarify process and definitions to allow for the more effective recovery of criminal assets. Although minor and technical, these amendments are important measures that allow for the proper functioning of POCA. I hope that the clauses will stand part of the Bill.

Charlie Elphicke (Dover) (Con): It is a pleasure to serve under your chairmanship, Sir Alan, and to make my first speech before this illustrious and most distinguished Committee. I have a few queries for the Minister on these important clauses. Part of the concern about POCA in the past has been that it has not always worked quite as well as it should have; it has a slightly chequered history when it comes to making sure that the proceeds of crime are, in fact, captured for the state.

First, looking at the miscellaneous provisions relating to Scotland, we are told that clause 23 is intended to replicate in Scotland the effects of section 67 for England and Wales, and section 215 for Northern Ireland, with certain modifications. It provides for the High Court of Justiciary or the sheriff, as the case may be, to order that any realisable property in the form of money held in a bank or building society account is paid to the appropriate clerk of court in satisfaction of all or part of the confiscation order. It would be helpful if the Minister could say why exactly those provisions are needed and how they will ensure that POCA works more efficiently. I am sure that will be a matter of concern to the spokesman for the Scottish nationalist party [HON. MEMBERS: "Scottish National party."] Oh, Scottish National party—or is it the Scottish neverendum party? I get confused, but I have a one in three chance of being right on one of them. That deals with the concern that I had on Scotland.

We are discussing clauses 23 to 28, are we not? Clause 24 deals with recovery orders related to heritable property. The proposed measure is to remove existing jurisdictional and procedural barriers that can delay the recovery of the possession of heritable property. For those who are not fully up to speed on what heritable property is, and for the benefit of colleagues and Members of the Committee, it is a house, flat, commercial premises and like real estate. I would ask why there were jurisdictional and procedural barriers in the first place and how they

would be dealt with by this provision. The clause also says that, where a recovery order is granted, the property automatically vests in the trustee for civil recovery and the previous owner-occupier loses his or her title, since the owner-occupier of the property is subject to the recovery order and has no right or title to occupy the property. The appropriate way to recover possession in those circumstances is by warrant for ejection.

I want to check that there will not be any delay in getting such a warrant and that the procedural aspects are considered likely to work efficiently and swiftly. I also want to ask what the situation would be if there are any sitting tenants in the heritable property to which a recovery order applies. Would such sitting tenants be ejected or would they be able to see out the length of their tenancy?

A house might be owned by a crook who might have let that house to some innocent people, members of the hard-working classes of modern Britain, who suddenly find that their home is seized because that crook is brought to book. They do not want to be ejected and thrown out on to the street, where it is cold and dark as the seasons change against us. I hope we can understand what will happen to sitting tenants in such a case because that is extremely important. I see that the hon. Member for Scunthorpe is following with interest and is concerned about the matter. It would no doubt be heritable property 95% made with English steel from the great steelworks in his illustrious constituency.

Clause 25 deals with money received by administrators. We are told that this is a technical amendment to paragraph 6 of schedule 3 to POCA, which deals with money received by an administrator in Scotland. That is obviously a matter of great concern to my hon. Friend from the Scottish nationalist party. It is to provide a definition of "bank" following the repeal of the provisions of the Banking Act 1987, which previously provided the definition. I want to understand why it is so important to provide a definition of bank in such circumstances and why that is not already covered by legislation. That is a minor technical point. Is it truly necessary or does it make a substantive difference?

2.45 pm

Clause 26 concerns accredited financial investigators, or AFIs as they are described. We are told it concerns the search and seizure powers in England and Wales: sections 47A to 47S of POCA provided those powers in England and Wales to prevent the dissipation of realisable property that may be used to satisfy a future confiscation order. Clause 26 amends section 47G to allow civilian AFIs in a police force to obtain approval to use search and seizure powers from a senior police officer or inspector. Will senior police officers have sufficient oversight of such civilian AFIs so that they will not be able—"to go out of control" is the wrong term—to overstep the mark? It is important that civilians act in line with the level of instruction provided by a senior police officer. It would be helpful if the Minister could set out how that might be okay and how it might work in practice. The explanatory note says:

"Such approval may be sought in cases where seeking the appropriate approval of a justice of the peace is not practicable."

It would be helpful if the Minister could explain why that is and what sorts of cases might not be as practicable as others.

Victoria Atkins (Louth and Horncastle) (Con): Does my hon. Friend welcome, as I do, the fact that the Government are enabling civilians to help warranted officers in such important investigations? Civilians can bring skills from the private sector of which a warranted officer might not yet have experience. It is a useful tool in the armoury of law enforcement agencies to be able to draw on the wealth of experience in the private sector, as well as relying on the significant experience of warranted officers.

Charlie Elphicke: I thank my hon. Friend for more than fully answering my question. She has saved the Minister the trouble of having to respond to my query. She makes a powerful point. It is important that we have such expertise, understanding and skills and that the forces of law and order are able to draw on civilian skills that may not exist directly under the employ of officers of the Crown. That is extremely helpful, and I thank her very much.

The Chair: Minister, having caught such a rare fish, I presume you want to deal with it now rather than later.

Mr Wallace: I am touched by the love of Scotland expressed by my hon. Friend the Member for Dover—although his constituency is closer to France than Scotland. I might be able to help him on some of his technical questions.

My hon. Friend's first question was about why the miscellaneous provisions relate to Scotland, how they are processed and why they are different. Sections 67 and 215 of the 2002 Act provide that a magistrates court can require a bank or building society to pay a sum of up to £5,000 if it fails to comply with an order. However, there is no precedent for such a provision in Scottish law. Also, the equivalent orders in Scotland will apply to law enforcement authorities, as well as to banks and building societies. It was therefore considered more appropriate for any, hopefully rare, wilful non-compliance with an order in Scotland to be dealt with as contempt of court.

Clause 24 addresses recovery orders relating to heritable property. Although it is Scottish Ministers, as the enforcement authority, who apply for a recovery order, once granted it is for the trustee for civil recovery to recover possession of any heritable property to which the recovery order applies. That is because the effect of a recovery order is to vest the property in the trustee for civil recovery. Under existing law, however, a trustee for civil recovery is unable to seek recovery of possessions directly in the Court of Session so must raise a separate action in a lower court, namely the appropriate sheriff court. That can lead to defenders rehashing arguments that were unsuccessful before the Court of Session and incurring costs for those days, which ultimately compromises the amount recovered. Such delays also permit those involved in criminality to continue occupying a property despite the Court of Session having determined that the property was obtained through unlawful conduct and should therefore be recovered.

My hon. Friend is rightly concerned about sitting tenants whose house is owned by a crook and who suddenly find that it is forfeited or frozen. The primary policy obligation is the effective recovery of the proceeds of crime, which is generally best served by recovering

[Mr Wallace]

the heritable property concerned and selling it so that proceeds from the sale can be added to the public purse. A primary function of the trustee for civil recovery is to realise the value of the property for the benefit of the enforcement authority, which, in Scotland, is the Scottish Ministers. It was never intended that the trustee should take on the functions of a landlord in relation to any sitting tenants.

However, we are considering introducing amendments to other legislation in consequence of the clause, as was well pointed out by my hon. Friend the Member for Dover, with a view to ensuring that any legitimate tenant receives fair notice that a recovery order is being sought in respect of the property concerned and that, if granted, they will have to vacate the property within a certain period of time, and that adequate support is put in place to safeguard against homelessness.

Let me move on to the fourth point, relating to the definition of "bank"—I remember this being a particularly gripping part of the Bill when I was reviewing the legislation. The Banking Act 1987 provided a definition of a bank; these amendments simply update the definition to ensure that it is current, as the Banking Act has been repealed.

Dr Huq: I am reassured to hear that tenants' rights, which are often under-regulated in this country, will be dealt with in the legislation.

I have a question about clause 26, which is on accredited financial investigators. We have had those in this country since 2009. Even though I do not have the exact figures—my iPad is not getting wi-fi—there is evidence that we have not hung on to all of them. People have been trained as specialist investigators out of the public purse. We live in an age where we should justify every pound of public money, and we seem to have lost those people to the private sector. A lot of them have been poached.

Charlie Elphicke: This was exactly my concern as I studied the Bill in great detail. However, I feel that my hon. Friend the Member for Louth and Horncastle, who is extraordinarily able and learned in these matters, answered that question by saying that one should be able to draw on skills across the whole nation by contracting them in. I thought that was quite a powerful point.

Dr Huq: It was a powerful point. As I was going to say if the hon. Gentleman had allowed me to finish the sentence I had embarked on, this issue will be addressed at the end in one of our new clauses. Perhaps we could build in some way of, if not exactly giving them golden handcuffs, then retaining them or even getting the cost of the training repaid, whatever that is. We see the same happening across other sectors. We hear of junior doctors being lost to Australia. It would be a tragedy if we trained these people up and then off they went, poached by the private sector. We have heard of examples where they have gone to the gambling industry, which my hon. Friend the Member for Swansea East has experience of in her role on the all-party group on fixed odds betting terminals. I flag that issue up now, but we will come back to it later in a new clause.

Mr Wallace: I have heard the hon. Lady's sentiment. We will discuss the new clause later. I understand the point that we invest in people and we as the taxpayer should extract that investment back. We will no doubt discuss that further.

On the final concern raised by my hon. Friend the Member for Dover about the governance of accredited financial investigators, the use of the power in the clause is covered by a code of practice that will be amended. That mirrors the application processes elsewhere in POCA whereby civilians authorise applications. I am happy to provide those codes of practice for my hon. Friend to look at.

Question put and agreed to.

Clause 22 accordingly ordered to stand part of the Bill.

Clauses 23 to 27 ordered to stand part of the Bill.

Clause 28

CONFISCATION ORDERS AND CIVIL RECOVERY: MINOR AMENDMENTS

Amendment made: 15, in clause 28, page 78, line 33, at end insert—

'(2A) In section 148 (free property: Scotland), in subsection (3)(b) for "or 297D" substitute ", 297D or 298(4)"." *—(Mr Wallace.)*

Clause 28(2) amends section 82 of the Proceeds of Crime Act 2002, which determines what constitutes "free property" in relation to confiscation proceedings in England and Wales, by providing that property detained under section 298(4) of the 2002 Act is not free property. This amendment provides for a corresponding change to be made to section 148, which applies in the case of confiscation proceedings in Scotland.

Clause 28, as amended, ordered to stand part of the Bill.

Clause 29

DISCLOSURE ORDERS

Question proposed, That the clause stand part of the Bill.

Mr Wallace: We now move on to part 2 of the Bill, relating to terrorist property. In our discussions so far we have focused on clauses that are about ensuring we take the profit out of serious and organised criminality. Terrorism finance is different. Individuals who raise and move funds for the purpose of terrorism are not concerned with profit, but with causing the loss of life. It is essential that the tools available for terrorist finance investigations and the powers available to seize terrorist cash and property are as comprehensive as those available for dealing with other financial crime or, in some cases, more robust. Part 2 of the Bill is included for that purpose.

The relevant clauses therefore largely reflect the existing provisions relating to financial crime, but have been adapted as needed to respond to what is a different type of threat. As I explained earlier, disclosure orders are available for confiscations, civil recovery and exploitation proceeds investigations. Clause 29 and schedule 2, which it introduces, are very similar to clauses 7 and 8, and extend disclosure orders to money laundering investigations, but do so for terrorist finance investigations. The clause will make disclosure orders available for terrorist finance investigations, which will give law enforcement agencies the means to obtain information that is significant for investigating suspected terrorist finance offences or for identifying terrorist property.

The clause makes it possible for the police to apply to the court for an order to compel an individual to answer questions, to provide information or to produce documentation that is assessed to be relevant to progressing a terrorist finance investigation. It will be an offence to fail to comply with such an order without reasonable excuse, and to make a false or misleading statement in response to such an order. Either offence is punishable by a possible term of imprisonment of up to two years.

This is a robust measure, which is appropriate when we consider the type of threat with which we are concerned. However, it will operate with a number of safeguards: the application for an order must be made by a senior police officer, at least a superintendent, or authorised by such an officer; and the court must be satisfied that the information sought will be of substantial value, and that it is in the public interest for it to be provided, before making an order.

The action plan for money laundering and counter-terrorism finance, to which I have referred on numerous occasions, identified the need for a more robust law enforcement response to tackle money laundering and terrorist finance in all its forms. The measure is part of that response.

Dr Huq: The Minister is absolutely correct that the Government's action plan of April 2016 identified this as a crucial area in need of examination. Terrorism is the threat of our modern age, along with climate change, so we go along with the clause.

Question put and agreed to.

Clause 29 accordingly ordered to stand part of the Bill.

Schedule 2

DISCLOSURE ORDERS

Mr Wallace: I beg to move amendment 16 in schedule 2, page 109, line 9, leave out "designated" and insert "counter-terrorism".

This amendment, and amendments 18, 20, 21 to 25, 27 to 49 and 54, are consequential on amendment 26.

The Chair: With this it will be convenient to discuss Government amendments 18, 20 to 49 and 54.

Mr Wallace: We come to a large number of Government amendments, but I am pleased to inform the Committee that they are all connected to the same issue. Legislation must keep pace with changes to the police workforce. Civilian financial investigators accredited to the National Crime Agency under the Proceeds of Crime Act 2002 can already exercise many of the equivalent investigatory powers available under the legislation for a variety of investigations into money laundering and other serious crime.

Clause 34, which we will reach consideration of in due course, will allow civilian members of police staff, who will be referred to as counter-terrorism financial investigators, likewise to exercise certain investigatory powers in connection with terrorist investigations. The powers include applying to a court for a production order in relation to terrorist property, a financial information order or an account monitoring order. Clause 34 will also amend schedule 1 to the Anti-terrorism, Crime and Security Act 2001 to allow financial investigators to seize terrorist cash. Clause 32 will enable them to seize certain personal movable items.

At a time when counter-terrorism policing has been given additional investment in recognition of the threat levels facing the UK and the vital function it provides, I hope the Committee will agree that it is entirely sensible to provide greater flexibility in legislation for how the police may use their workforce. That does not mean that the exercise of those powers by a wider pool of people should be without safeguards. After further discussion with the police and the National Crime Agency, we have identified that a discrete accreditation process is appropriate for counter-terrorism financial investigators, rather than the training system for financial investigators set out in the Proceeds of Crime Act 2002.

3 pm

The amendments will put in place bespoke arrangements for training, accrediting and monitoring counter-terrorism financial investigators. The Metropolitan Police Service will be responsible for training and will be required to provide a system of accreditation for civilians who wish to become counter-terrorist financial investigators. That will include monitoring performance and withdrawing accreditation from any person who contravenes or fails to comply with any condition of their accreditation.

Nic Dakin (Scunthorpe) (Lab): The Minister is explaining the need for the amendments. Will he explain exactly what difference the proposed changes will make to the accreditation? How will it compare with what it would otherwise have been?

Mr Wallace: As I said earlier, terrorist financing often happens much more in real time. It is not about someone banking their asset to enrich themselves; it is about funding an operation. There will therefore be different requirements for these financial investigators. They will almost be chasing the money as they go, often to stop an operation that is about to happen—someone may be about to book a plane ticket and we may need that stopped—so they will need a different skill set from a normal accredited financial investigator. That is one fundamental difference; another relates to the different approaches that the Bill takes to terrorist financing and to criminal financing. There is a difference between enriching oneself and funding an act of terror.

Amendment 16 agreed to.

Mr Wallace: I beg to move amendment 17, page 114, line 30, leave out "6" and insert "12".

This amendment increases the maximum period of imprisonment from 6 to 12 months (in line with other provisions in the Bill) in the case of an offence in Scotland of making false etc. statements in response to a disclosure order under the new provisions inserted into Schedule 5A to the Terrorism Act 2000.

The amendment will increase the maximum sentence for making false or misleading statements in response to a disclosure order to 12 months' imprisonment, following a summary conviction in Scotland. The maximum penalty for the offence following a conviction on indictment will remain two years' imprisonment. In our ongoing discussions with the Scottish Government, I have been advised that the summary courts in Scotland have general

[Mr Wallace]

powers to impose sentences of up to 12 months and that this is therefore the correct approach for offences that can be tried summarily or on indictment. It will help to ensure the best use of the sheriff courts in Scotland.

Richard Arkless: That is a fair assessment of the position in Scots law. A sentence of 12 months is more consistent with the rest of the Bill and with the summary powers of sheriff courts in Scotland. Also, we have a presumption against lower sentences in Scotland and I would not like a lower sentence of less than six months to be caught by that presumption unintentionally. We support the amendment.

Dr Huq: We also support the amendment.

Amendment 17 agreed to.

Schedule 2, as amended, agreed to.

Clause 30

SHARING OF INFORMATION WITHIN THE REGULATED SECTOR

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clause 31 stand part.

Mr Wallace: Collaboration between law enforcement and the private sector is incredibly important for countering terrorism, as it is for combating serious and organised crime. The importance of such close collaboration will be a key theme that features prominently in the forthcoming revised Contest counter-terrorism strategy.

Clauses 30 and 31 mirror the provisions in clauses 10 and 11, but for terrorist finance investigations.

As I have outlined to the Committee in relation to part 1 of the Bill, the Government are committed to improving public-private partnerships. We must support the regulated sector to come together to share expertise and information to help it protect legitimate businesses from being exploited for criminal or terrorist intent. In some cases, the detailed picture held by the regulated sector might be key to understanding particular threats. Closer working with the regulated sector can only enhance our understanding of terrorism and provide opportunities to protect against it or disrupt it. Clearly, the financial sector in particular can play a vital part in terrorist finance investigations and tracking terrorist property.

Clause 30, like clause 10 on money laundering, will enable firm-to-firm information sharing through a legal gateway, which will provide immunity from civil liability, encouraging the reporting sector to share information to detect and prevent money laundering and terrorist financing. The joint money laundering intelligence taskforce has demonstrated that there is potential for information sharing in relation to terrorist financing to support effective law enforcement action and disrupt threats to our national security. The clause is an important measure that enables us to take forward that agenda. Although obligations to protect customers' personal data remain important and must be respected, where it is possible to overcome barriers to the effective sharing of information to progress an investigation, the Government will do what we can to allow it.

Clause 31 will allow the National Crime Agency or the police, following receipt of a report under section 21(2)(a) of the Terrorism Act 2000, to request further information from any member of the regulated sector, irrespective of whether that entity raised the original suspicious activity report. It will also allow the National Crime Agency to seek further information on behalf of a foreign authority. Just as in clause 11, in the event that a member of the regulated sector does not comply with a request for more information, the provision will also allow the NCA or the police to obtain a court order to ensure that it is provided.

The two clauses will allow better information flows within the regulated sector and between the regulated sector and law enforcement agencies, generating better intelligence for law enforcement agencies and helping firms better protect themselves. I commend the clauses to the Committee.

Dr Huq: Clauses 30 and 31 revisit the information sharing themes that we have been discussing all day. We thoroughly commend them. They build on another good piece of Labour legislation, the Terrorism Act 2000. Unfortunately, terrorists have become ever more ingenious in the evil schemes that they dream up in the 16 years since, which is why the clauses are necessary.

Question put and agreed to.

Clause 30 accordingly ordered to stand part of the Bill.

Clause 31

FURTHER INFORMATION NOTICES AND ORDERS

Amendments made: 18, in clause 31, page 86, line 1, leave out "designated" and insert "counter-terrorism".

See the explanatory statement to amendment 16.

Amendment 19, in clause 31, page 86, leave out line 3.
—(Mr Wallace.)

This amendment removes a reference to the Scottish Ministers from the list of persons who may give a further information notice under new section 22B of the Terrorism Act 2000.

Question put and agreed to.

Clause 31, as amended, ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.
—(Andrew Griffiths.)

3.8 pm

Adjourned till Tuesday 22 November at twenty-five minutes past Nine o'clock.