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PROTECT THE ECONOMY



CLEANING UP THE HIGH STREETS

An APPG on Anti-Corruption & Responsible Tax

Report · July 2026



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THREE PRIORITIES FOR THE NEW GOVERNMENT

Britain's honest traders are being undercut by shops that exist to launder cash, dodge tax and exploit workers. Three measures would shift the balance quickly. None requires a spending review, and each takes power out of Whitehall and puts it back into every postcode.

1

1. SHUT THEM DOWN - AND KEEP THEM SHUT

Extend Closure Orders to twelve months with permanent closure for repeat offenders, let every council apply for them, and back Trading Standards - the local frontline that returns £11 in prevented harm for every £1 invested. The powers already exist under the Crime and Policing Act 2026. Operation Vulcan in Cheetham Hill - run while the Prime Minister was Mayor of Greater Manchester - closed all 206 criminal establishments, seized counterfeit goods worth £1.56bn and cut violent crime in the area by 69%.

2

2. KNOW YOUR TENANT

Commercial landlords are the de facto gatekeepers of the high street, yet owe no duty to check who they let to. Introduce a statutory 'know your tenant' duty, issue civil penalties - starting at £10,000 per breach, as proposed by the Chartered Trading Standards Institute - to landlords who knowingly house criminal businesses, and help law-abiding landlords evict criminal tenants quickly. Net cost to the Exchequer: nil.

3

3. END THE £13 GETAWAY

A UK company can be born for £100 and buried for £13: the full corporate lifecycle costs less than a parking fine, and phoenixing costs the country close to £1bn a year. Raise formation and strike-off fees, require final accounts before dissolution, and drop the proposed opt-out from publishing small-company accounts. These measures raise revenue rather than spend it.

SUMMARY

Britain's high streets are being hollowed out by a parallel economy of cash-intensive, often criminally controlled businesses. Barbershops, vape shops, mini-marts, candy and souvenir stores, money service businesses (MSBs), nail bars and car washes are being used at scale to launder the proceeds of organised crime, evade tax, employ illegal and trafficked labour, and sell illicit tobacco, vapes and counterfeit goods.

The National Crime Agency assesses that more than £12 billion in criminal cash is generated in the UK each year, and that at least £1 billion of it is laundered through high street businesses annually - in the words of the National Economic Crime Centre's Director, Rachael Herbert, "criminals have the run of the High Street".

The tax gap has hit a record £59.2 billion (2024-25) - up 26% in a single year, and 60% over five - with small businesses now responsible for 62% of it (£36.7 billion). Cash deposits at the Post Office continue to climb to £2-3 billion a month even as the wider economy moves away from cash.

Operation Machinize and its successor phases have demonstrated both the scale of the problem and the inadequacy of the existing toolkit. Across two waves, agencies visited 2,734 premises, made 959 arrests and seized £10.7m in suspected criminal proceeds - yet only 10 shops were closed permanently in the first wave. BBC freedom-of-information research points the same way: more than 3,600 premises were caught selling illegal cigarettes or vapes in 2024-25, yet barely 300 were shut. Without structural change, enforcement risks becoming an annual ritual that restores public confidence briefly while leaving criminal business models intact.

Caught, but not closed

Premises caught selling illegal cigarettes or vapes, 2024-25

MORE THAN 3,600

Premises shut

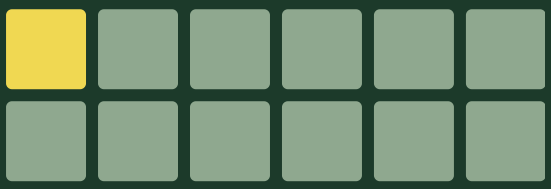
BARELY 300

Source: BBC freedom-of-information research, as cited in this report

A new Government took office on 20 July 2026 with a mandate to take power out of Westminster and put it back into every postcode. On high street crime it inherits a platform - a new High Street Organised Crime Unit (May 2026), a live consultation on extending closure powers (closing 31 July 2026), a retail licensing regime for tobacco and vapes arriving from 2027, and reinstated Companies House transparency reforms - but not yet the legal architecture, local powers or sustained funding to make them stick. The £451 million committed since January 2026 to revive struggling high streets will be wasted if the underlying market remains rigged in favour of criminal operators.

This briefing draws together evidence from the APPG's 20 November 2025 multi-agency roundtable, the Royal United Services Institute's published work on high street money laundering, BBC investigative reporting, NCA and HMRC data, the Chartered Trading Standards Institute and Anti-Counterfeiting Group's April 2026 report Hidden in Plain Sight, the House of Commons Library's June 2026 research briefing on 'dodgy shops', the Fair Tax Foundation's analysis of small business tax abuse, and a 1 April 2026 briefing from the Dutch Ministry of Justice and Security on the Netherlands' approach.

Criminal cash and the high street



£12BN+ criminal cash generated in the UK each year

£1BN+ of it laundered through high street businesses annually

Each square = £1 billion

Source: National Crime Agency, as cited in this report

1. THE OPPORTUNITY FOR THE NEW GOVERNMENT

Since January 2026, £451 million has been committed to reviving struggling high streets – a £150 million injection in January, a further £301 million in March, an expanded Pride in Place programme, and new local powers to refuse betting shops and vape stores. These are welcome interventions, but they risk being undermined by unaddressed economic crime.

High street revival funding committed in 2026



£451 MILLION SINCE JANUARY 2026

The high street's decline has structural causes - e-commerce, out-of-town retail, the COVID-19 shock, business rates pressure, vacant units. But the empty units and cheap rents created by that decline have, in turn, created an opportunity that organised criminals have moved to exploit.

Planning reform has quietly made this easier. The 2020 creation of use Class E merged shops, offices, restaurants and gyms into a single planning category: a change of use within Class E is not 'development', so a bookshop can become a nail bar or vape shop without the council even being notified. In practice, the decision over what opens on any given high street now rests largely with private landlords - who face no legal obligation to scrutinise a prospective tenant, and every financial incentive to accept any paying occupant. With one in seven retail units standing empty and 37 shops a day closing in 2024, the result is an open door.

An open door



One in seven retail units standing empty

37

shops a day closing in 2024

As participants in the APPG's November 2025 roundtable observed, criminals did not cause the decline of the high street; they have moved into the spaces it has left behind. Once embedded, they accelerate that decline by undercutting compliant traders, normalising the sale of illicit goods, weakening employment standards, and corroding public confidence in policing and local authorities.

Any strategy that pours capital into shopfront refurbishment, street furniture and pride-in-place activity, but that leaves the underlying business environment unchanged, will deliver diminishing returns. Phoenix companies, ghost directors, opaque ownership and weakly-policed cash flows will continue to give criminal operators a structural cost advantage over legitimate businesses. The sections below set out how to turn a good start into structural change.

Responsibility split across four departments

MHCLG	HM TREASURY	HOME OFFICE	DBT
high streets, planning, business rates	AML strategy, tax policy	NECC, NCA, Security Minister	Companies House, business policy

WHY IS THE MODEL BROKEN?

Responsibility for the high street economic crime threat has long been split across MHCLG (high streets, planning, business rates), HM Treasury (AML strategy, tax policy), the Home Office (NECC, NCA, Security Minister) and DBT (Companies House, business policy). The new High Street Organised Crime Unit bringing together government departments, policing partners and Trading Standards - is the right instinct. But a coordination cell is not a legal architecture. Operational tools for tackling high street economic crime - Companies House Economic Crime & Corporate Transparency (ECCTA) powers, Insolvency Service action, Trading Standards seizure powers, banking SARs, NCA Operation Machinize, HMRC interventions - exist but are siloed and inconsistently applied, and the closure, licensing and screening powers that would let local authorities act decisively do not yet exist. The international evidence shows there is a better model. Rotterdam has been running an integrated, municipally-led Subversive Crime Programme since 2012, underpinned by the Bibob Act (2003) which allows administrative refusal of permits on the basis of criminal intelligence rather than convictions. The UK has no equivalent.

2. THE SCALE OF THE PROBLEM

£12bn+
criminal cash generated in the UK every year

£59.2bn
HMRC tax gap, up 26% in a single year

£2-3bn
deposited at Post Office counters every month, rising 10% YoY

62%
of HMRC's tax gap now attributable to small businesses (£36.7bn)

c.1,200%
increase in vape shops in England since 2014

2x+
rise in barbershops per 10,000 people in the UK over the last decade

OPERATION MACHINIZE: SCALE AND LIMITS

The NCA-coordinated Operation Machinize and its successor phases provide the most comprehensive snapshot of high street economic crime to date. Combining results across waves:

- **Premises visited: 2,734**
- **Arrests: 959**
- **Suspected criminal proceeds seized: over £10.7m**
- **Illicit commodities destroyed: over £2.7m**
- **Companies referred to Companies House: 450+**
- **Potential modern slavery victims safeguarded: nearly 100**
- **Hundreds of illegal working/renting referral notices issued**
- **Permanent shop closures (initial wave): only around 10**

Operation Machinize: raids versus closures



Source: NCA, results combined across waves as reported above; closures are for the initial wave only

The headline numbers are significant but the closure rate exposes the weakness of the current toolkit. As one local force reported to the November roundtable, current activity is largely 'low-hanging fruit' and is not yet consistently reaching higher-level organised crime. Multiple participants warned against a 'Machinize 8.0' approach in which the same operations are repeated annually without addressing the underlying enabling environment. The new High Street Organised Crime Unit is intended to build on Machinize; the test is whether it produces permanent closures and dismantled networks rather than an annual cycle of raids.

THE HMRC TAX DIMENSION

HMRC's June 2026 Tax Gap publication made national headlines: the gap between tax due and tax received leapt to a record £59.2 billion in 2024-25 - up 26% on the previous year's estimate and 60% over five years. Small businesses now account for 62% of the total (£36.7 billion).

Who owes the tax gap

HMRC TAX GAP, 2024-25: £59.2 BILLION



OF WHICH CORPORATION TAX: £21 BILLION



Both bars drawn to the same £ scale

Source: HMRC (June 2026) Measuring Tax Gaps

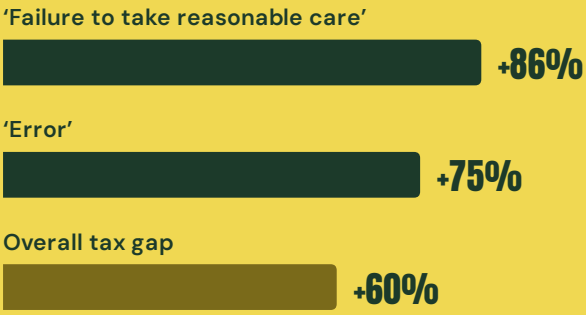
The single largest component is corporation tax, at £21 billion, of which small businesses account for £17.3 billion on HMRC's central estimate - and up to £28.3 billion on its upper estimate. A further £30 billion is attributed to 'failure to take reasonable care' and 'error' - categories that sound innocuous but capture much of what most people would call avoidance, and which have grown by 86% and 75% respectively over five years.

HMRC's own figures also put the cost of phoenixing at close to £1 billion a year (£910 million in 2022-23; £750 million in 2023-24) - a practice that has been particularly rife among candy stores, souvenir shops and vape outlets.

These figures map directly onto the cash-intensive sectors at the heart of the high street economic crime problem: barbers, vape shops, mini-marts, candy and souvenir stores. They also explain the concentrated impact felt by individual local authorities - Westminster City Council reports losing around £8m per year in business rates from operators using phoenix structures alone.

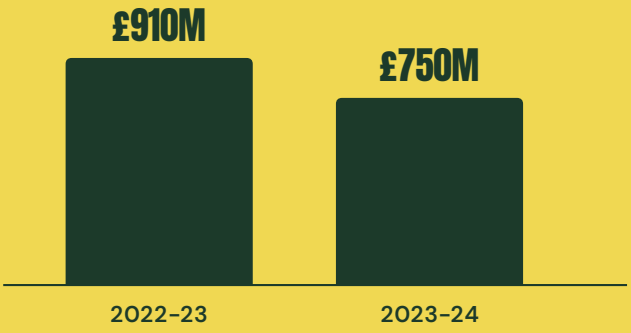
The Trading Standards profession sees the same picture from the ground. In CTSI's 2025 member survey, 96% of Trading Standards professionals said they had encountered serious organised crime in the course of their duties, and 97% were aware of suspected organised crime groups operating out of retail premises on their local high street.

Growth over five years



Source: HMRC, as cited in this report

Cost of phoenixing



Source: HMRC, as cited in this report

What Trading Standards officers report



Source: CTSI 2025 member survey

In some areas, as many as half of mini-mart/convenience stores and vape retailers, up to a third of American candy stores and one in four fast-food takeaways are estimated to have links with organised crime. Almost three-quarters (72%) of officers have faced intimidation or threats of violence in the course of their duties, and BBC reporting has documented children as young as 12 being sold cigarettes and vapes from such premises.

Estimated links with organised crime, in some areas



Upper estimates for some areas, as stated in the report

3. HOW HIGH STREET ECONOMIC CRIME WORKS

CASH IS KING

Cash remains the foundation of the criminal economy. Even as the legitimate economy has shifted decisively away from notes and coins - with cash falling from 51% to 12% of payments between 2013 and 2023 according to UK Finance - the volume of bank notes in circulation in the UK has roughly doubled. Drug trafficking in particular remains an almost wholly cash-based business, and cash is also used as a deliberate breaking-link for the proceeds of digitally-generated crimes such as fraud.

Cash is king

Cash as a share of UK payments



~2×

bank notes in circulation in the UK: roughly doubled

Source: UK Finance, as cited in this report

CASE STUDY: BARBERSHOP AS FRONT FOR ORGANISED IMMIGRATION CRIME (2020-2022)

Gul Wali Jabarkhel, a 33-year-old barber from Colindale in northwest London, was convicted in April 2022 after using his barbershop as a front for organised immigration crime. He attempted to recruit lorry drivers to smuggle migrants into the UK from Belgium and France, offering payments of more than £2,500 per person, and was linked to Albanian criminal networks alongside co-conspirator Baz Mohammed Jabarkhil. Jabarkhel and Jabarkhil fled to Kabul in November 2020 after a failed smuggling attempt, paying more than £7,500 each to be re-smuggled back into the UK; both were subsequently arrested. Two associates, Rehan Murudkar (19) and Mohammed Rafique (28), were convicted of money laundering after the NCA intercepted a £10,000 cash handover at a motorway petrol station outside London. The case illustrates how a single high street business can serve as cover for organised crime, with cash flows from individual transactions ranging from £2,500 to £10,000 per movement.

Criminal cash creates a problem for criminals: it is risky to move and difficult to deposit. Cash-intensive high street businesses provide a textbook solution. They allow illegitimate funds to be co-mingled with apparently legitimate takings, with the resulting bank deposits absorbed into normal cash-business patterns. A Europol study in 2024 found that 86% of the EU's most threatening criminal networks abuse legitimate business structures, with cash-intensive businesses being particularly vulnerable.

SECTOR PROFILE

The sectors most consistently flagged are:

- **BARBERSHOPS** the fastest-growing retail category in 2022 and 2023; barbershops per 10,000 people in the UK have more than doubled in the last decade.
- **VAPE SHOPS** have grown by nearly 1,200% in England since 2014, concentrated in deprived communities particularly in the North. Frequently used as retail outlets for illicit vapes.
- **MINI-MARTS** frequently linked to illicit tobacco sales (illegal tobacco cost the Exchequer an estimated £1.8bn in excise duty and VAT in 2023/24), counterfeit goods, and the staffing of premises with illegally working asylum seekers.
- **CANDY AND SOUVENIR STORES** primarily a tax abuse threat, with phoenixing, VAT non-payment and business rates avoidance, particularly in central London tourist zones. The 2025 London Centric investigation into Piccadilly Circus stores leased by Criterion Capital documented £600/hour peak takings with no VAT charged or receipts issued.
- **MONEY SERVICE BUSINESSES (MSBS)** estimated 9,000 in London alone, with the Met assessing at least £1.5bn in criminal proceeds laundered through them annually (a figure considered conservative). One London MSB laundered £310m in a single year. Often co-located in or operated from mini-markets, with a hawala dimension in some cases. Hawala is an informal money transfer system that allows the movement of funds from one person to another without the actual movement of money. It requires no documentation, is anonymous, and therefore poses money laundering risks.
- **NAIL BARS, BEAUTY SALONS, CAR WASHES AND RESTAURANTS** all flagged as significant secondary risks, often with overlapping labour exploitation and modern slavery concerns.

Seizure volumes show the scale of the retail end. In 2024/25, Trading Standards services seized at least 2.2 million illegal vapes, more than 24.8 million illegal cigarettes and 7,655kg of illegal hand-rolling tobacco; over the same period HMRC and Border Force seized 1.19 billion cigarettes.

Seizures at the retail end, 2024/25

2.2M+
illegal vapes seized by Trading Standards

24.8M+
illegal cigarettes seized by Trading Standards

7,655KG
illegal hand-rolling tobacco seized by Trading Standards

1.19BN
cigarettes seized by HMRC and Border Force

THE CORPORATE MACHINERY: GHOST DIRECTORS AND PHOENIXING

Where high street businesses are constituted as companies (many remain sole traders), a recurring set of corporate manoeuvres enables the criminal model:

CASE STUDY: PHOENIXING IN PICCADILLY CIRCUS

A 2025 London Centric investigation into gift shops leased by Criterion Capital - founded by billionaire Asif Aziz - in Piccadilly Circus documented systematic tax abuse on a substantial scale. Shops including Kingdom of Treats and Souvenir Megastore were observed taking more than £600 an hour at peak times, equivalent to millions in annual turnover, yet undercover purchases showed that VAT was not charged and VAT receipts were refused. Westminster Council has written off more than £3m in unpaid business rates from Kingdom of Treats between 2017 and 2024, while Souvenir Megastore avoided nearly £1m. Across three Criterion Capital units, at least 10 companies failed to file accounts in five years. Overseas students from India, Pakistan and Bangladesh were installed as nominal directors before disappearing with unpaid debts; registered addresses included overcrowded flats, abandoned offices and a fly-tipped car park under the DLR. Legitimate retailers in the area report takings down 40% due to unfair competition. Westminster Council describes its enforcement task as 'whack-a-mole'.

- **GHOST OR NOMINEE DIRECTORS** Individuals - frequently overseas students from India, Pakistan and China, or others in financial difficulty - are installed as nominal directors of large numbers of companies, often without any meaningful involvement in the business and sometimes after their identities have been stolen outright. A BBC investigation documented individuals acting as directors across large numbers of companies, in some cases alongside formal sanctions or disqualification.
- **PHOENIXING** Companies are dissolved - frequently leaving behind unpaid business rates, VAT and corporation tax - and immediately replaced with a near-identical successor entity at the same address. The shop continues trading unchanged. BBC reporting has also documented a recurring pattern of near-identical shops trading under slight name variations, with linked ownership behind ostensibly separate businesses.
- **ADDRESS ABUSE** Companies House records show repeated use of single addresses to register near-identical firms, with registered addresses including overcrowded flats, abandoned offices, and even - in one Piccadilly case - a fly-tipped car park under the Docklands Light Railway.

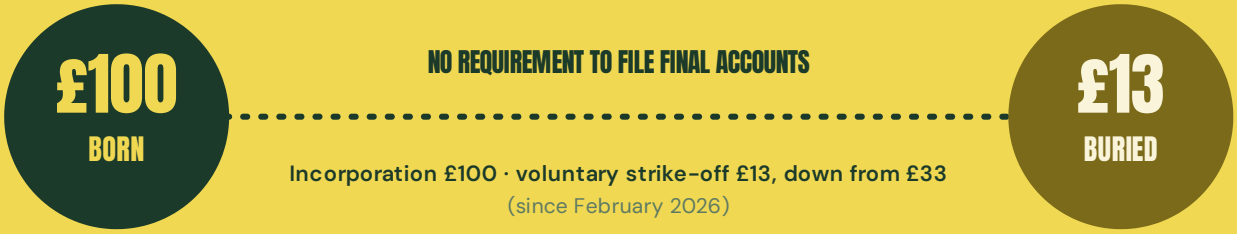
THE £13 GETAWAY

The corporate lifecycle is priced for abuse. Incorporation costs £100; since February 2026 - the very moment the Government was publicly committing to a crackdown on abusive phoenixism - voluntary strike-off has cost just £13, down from £33.

A company can be born for £100 and buried for £13, with no requirement to file final accounts before it disappears. 815,000 new companies were registered in 2025-26 alone, policed by roughly 2,400 Companies House staff; the register has swollen to 5.5 million

entities, of which the Government's own estimates suggest between 5% and 20% may be fraudulent.

The £13 getaway



815,000
new companies registered in 2025-26

~2,400
Companies House staff

5.5M
entities on the register

5-20%
may be fraudulent, on the Government's own estimates

The new gatekeepers are creaking too: by July 2026, more than 300 Authorised Corporate Service Providers - the agents who verify identities for Companies House - had been suspended or had ceased, and in the year to June 2026 the Insolvency Service shut down five ACSPs that had between them illegally registered 12,000 overseas companies with a false UK presence.

Meanwhile the transparency fix keeps slipping: reforms requiring small companies to publish profit-and-loss accounts, legislated in 2023, were quietly mothballed in January 2026 and reinstated in June 2026 for April 2028 - now with an opt-out from public disclosure that undermines the entire point of the reform.

THE POST OFFICE VULNERABILITY

Once cash has been notionally absorbed into a high street business, the cash-deposit step is the critical bottleneck. Cash deposits at the Post Office - used by both traditional banks and digital-only banks whose customers have no other branch access - continue to rise, with £2.77bn deposited in August 2025 alone.

The 2025 National Risk Assessment of Money Laundering and Terrorist Financing assesses that there has been an increasing use by organised crime groups of the Post Office's everyday banking facility to deposit large values of criminal cash, with estimates suggesting hundreds of millions of pounds laundered this way each year. Daily and annual deposit limits, card-based deposit options and quicker reporting have all been introduced, but the underlying vulnerability persists.

4. THE UK RESPONSE - WHERE IT FALLS SHORT

WHAT THE UK ALREADY HAS

- **COMPANIES HOUSE POWERS UNDER ECCTA** Stronger registration, identity verification and information-sharing powers under the Economic Crime and Corporate Transparency Act 2023. Companies House supported Operation Machinize with around 1,000 intelligence reports shared with around 40 agencies and now has a particular focus on striking off newly formed companies created for unlawful purposes within the first 28 days of incorporation.
- **INSOLVENCY SERVICE TOOLS** Around 1,000 director disqualifications per year (mostly insolvency-linked); winding-up powers under the Companies Act in the public interest; in-house criminal prosecution capability under the Companies Act and Fraud Act. The Insolvency Service is at an early stage of deeper engagement on high street economic crime and is developing a directors' education hub aimed at would-be 'front' directors. A new Abusive Phoenixism Taskforce, created in 2025, secured 110 enforcement outcomes in 2025-26.
- **NCA/NECC AND OPERATION MACHINIZE** A demonstrated multi-agency operational model that has built genuine capability across police forces, regulators and HMRC.
- **A HIGH STREET ORGANISED CRIME UNIT** £20 million for an enhanced law-enforcement response, including a new multi-agency coordination cell in the NCA and 75 new officers across the NCA, Greater Manchester, West Midlands, Kent and Essex forces, plus £6 million for Trading Standards in at-risk local authorities. The Unit brings together government departments, policing partners and Trading Standards, building on Operation Machinize.
- **LONGER CLOSURE POWERS** the Government intends to extend the maximum Closure Order period from three months to up to twelve, using powers under section 3 of the Crime and Policing Act 2026; a Home Office consultation on duration closes on 31 July 2026.

Maximum Closure Order period



Crime and Policing Act 2026, section 3; Home Office consultation closing 31 July 2026

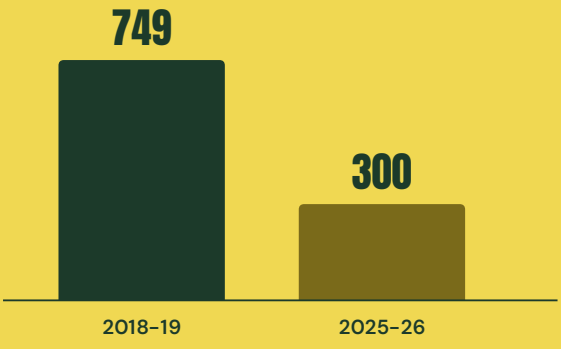
- **A RETAIL LICENSING REGIME FOR TOBACCO AND VAPES** the Tobacco and Vapes Act 2026 introduces licensing in England, Wales and Northern Ireland (expected in force from 2027), on-the-spot fines for illegal sales, and powers to close shops operating illegally - the first sector-wide licensing architecture for the high street's highest-risk trade.

- **HMRC ENFORCEMENT INVESTMENT** £1.7 billion over four years funding 5,500 additional compliance staff; a new 350-strong criminal investigation team focused on small-business evasion; and greater use of upfront securities (£255 million of tax protected in 2025-26) and personal liability notices against directors (£97.7 million).
- **BANKING SECTOR INTELLIGENCE SHARING** Including 'fusion' projects integrating public and private data, and direct work with Companies House on referrals involving dozens of linked companies.
- **HIGH STREET RENTAL AUCTIONS (HSRAS):** In force since December 2024 under the Levelling Up and Regeneration Act 2023, allowing councils to auction leases of persistently vacant properties. Important regeneration tool but does not directly address criminal occupation.

WHERE THE SYSTEM FALLS SHORT

- **FRAGMENTED RESPONSIBILITY** Fragmented enforcement amongst HMRC, police, local authorities, Trading Standards, Companies House, the Insolvency Service and MHCLG. The new Unit is a welcome coordination cell, but it does not resolve the underlying fragmentation - and Trading Standards' seat at regional organised-crime tasking tables remains inconsistent.
- **CORPORATE LIABILITY GAPS** No 'failure to prevent money laundering' offence parallel to existing failure-to-prevent regimes; limited personal accountability for senior decision-makers in regulated firms; uneven use of existing Companies Act winding-up powers.
- **COLLAPSING DETERRENCE** HMRC criminal prosecutions for tax evasion have fallen from 749 in 2018-19 to just 300 in 2025-26; prosecutions of the professional enablers of evasion are down 69% over five years, with fewer than five brought in 2023-24; and in nearly nine years there has been a single prosecution under the Criminal Finances Act 2017 offence of failing to prevent the facilitation of tax evasion. Fines fare little better: BBC reporting found £1.4 million of civil penalties issued for illicit tobacco by January 2026, with little clarity over how much is ever repaid. For organised operators, penalties at this level are a cost of doing business.

HMRC criminal prosecutions for tax evasion



Source: HMRC, as cited in this report

Collapsing deterrence

39%
real-terms budget cuts to Trading Standards, 2010/11 to 2019/20

£11 : £1
estimated prevented detriment for every £1 invested

-69%
prosecutions of the professional enablers of evasion over five years

1
prosecution in nearly nine years under the Criminal Finances Act 2017 failure-to-prevent offence

- **PERSISTENT PHOENIXING AND OPAQUE OWNERSHIP** It remains too easy to re-incorporate at the same address, cycle through shell companies, and walk away from unpaid tax and business rates.

Matching of Companies House and HMRC data is still patchy. Cutting the voluntary strike-off fee to £13 in February 2026 pushed in exactly the wrong direction.

- **WEAK LANDLORD AND MANAGING-AGENT INCENTIVES** Many freeholders are remote overseas investors using opaque offshore corporate structures and are reliant on managing agents. Business rates relief rules (e.g. three-month relief on empty properties) push landlords to fill units quickly with insufficient checks. Landlords often have no clear, effective mechanism to remove tenants who are not paying rates or are engaged in criminality. And since the 2020 Class E planning reforms, a change of use within the commercial class needs no permission and no notification - so councils often cannot see what is opening on their own high streets.
- **LIMITED AND AD HOC LOCAL TOOLS** Trading Standards' £1,000 cash seizure threshold; minimal entry requirements for sectors such as barbering; the absence of a sector-wide licensing regime that allows non-compliant operators to be kept out; the inability to permanently close down repeat offenders. Trading Standards enters this fight weakened by 39% real-terms budget cuts between 2010/11 and 2019/20, despite returning an estimated £11 in prevented detriment for every £1 invested - and, because each local service operates largely independently, with no national operational coordination to match an explicitly cross-boundary criminal model. County councils in two-tier areas cannot apply for Closure Orders directly, and Scottish services cannot issue them at all.
- **SLOW AND OVER-VOLUME INTELLIGENCE FLOWS** Banks, Post Office, Companies House and law enforcement collectively hold large volumes of data, but the priority - as multiple roundtable participants stressed - is targeted, usable intelligence rather than raw volume. There is no agreed common minimum dataset for high street risk.
- **PUBLIC COMMUNICATION GAP** No dedicated public reporting line; limited public awareness of the link between local 'cheap' shops and organised crime; inadequate communication to potential 'front' directors about the legal consequences of acting as a nominee.

5. THE ROTTERDAM MODEL - WHAT WE CAN LEARN

The Dutch model offers the most developed international example of how a municipally-led, multi-agency, administrative-law approach can effectively dismantle high street criminal infrastructure. Three elements are particularly relevant for the UK. Momentum on the continent is growing: in May 2026, the EU-level EMPACT initiative coordinated 'action days' in which more than 4,400 businesses and industrial sites were inspected across the Union, resulting in fines of at least €496,000 and the seizure of roughly €3 million in assets.

EMPACT action days, May 2026

4,400+
businesses and industrial sites inspected

€496,000+
in fines

~€3M
in assets seized

THE BIBOB ACT - ADMINISTRATIVE INTEGRITY SCREENING

The Bibob Act (Bureau Bibob), in force in the Netherlands since 2003, is a preventive administrative law instrument that allows municipalities and other public authorities to assess whether applicants for permits, government grants, public contracts or real estate transactions pose an integrity risk.

- **It applies to permits, subsidies, public contracts and real estate transactions.**
- **Risk assessments draw on criminal records, police intelligence and tax data - critically including suspicions recorded by police and the public prosecutor, not only convictions.**
- **It targets attempts by criminal organisations to use third-party associates without a criminal record as 'front' applicants, screening those who provide capital or have ownership interests.**
- **Local authorities submit requests to the national Bureau Bibob, which carries out the assessment and returns a risk opinion.**
- **Critically, it operates under administrative rather than criminal law: refusing or withdrawing a permit does not require a criminal conviction. This lower evidential threshold is central to its effectiveness.**

The Spaanse Polder in Rotterdam - an area where automotive businesses are concentrated and which had been identified as vulnerable to criminal infiltration - were subjected to Bibob screening, resulting in a reduction from 111 firms to 65. The risk of criminal infiltration was materially reduced, without recourse to a single criminal prosecution.

How Bibob screening works

1 **Local authority**
receives a permit, subsidy, contract or real estate application

2 **Request**
submitted to the national Bureau Bibob

3 **Assessment**
draws on criminal records, police intelligence and tax data

4 **Risk opinion**
returned to the local authority

5 **Refuse or withdraw**
no criminal conviction required

Spaanse Polder, Rotterdam: 111 firms to 65



● Firms remaining after Bibob screening: **65** ◌ Firms before screening: **111**

Each dot = one firm. Achieved without a single criminal prosecution

WHY THIS MATTERS FOR THE UK

The UK has nothing equivalent to Bibob. Local authorities cannot refuse a licence or permit on the basis of police intelligence about an applicant or their backers. There is no statutory mechanism to screen the beneficial owners or capital providers behind a permit application. A UK Bibob equivalent would not require new substantive criminal offences or new investigative powers. It would create a route to act on existing intelligence, using administrative law thresholds, in defined high-risk sectors and zones. The model is naturally compatible with mandatory licensing of barbers, vape shops and other vulnerable sectors - the licence application becomes the trigger for screening. The Tobacco and Vapes Act 2026 licensing regime now provides exactly such a trigger for the highest-risk sector.

COORDINATED MULTI-AGENCY INSPECTIONS (BTT)

Rotterdam's Collective Governmental Inspections (BTT) are coordinated on-site visits checking compliance with a wide range of legislation simultaneously. All participating agencies act under their own mandates, but the inspection is coordinated as one by the Municipality of Rotterdam.

The inspections involve six municipal departments and eleven partner government agencies, including: the Subversive Crime Team; Alcohol and Hospitality Industry Team; Environmental Team; Work and Income Department; Building and Living Inspection; Municipal Tax Authority; police (including AVIM, which covers human trafficking); the Regional Environmental Team (DCMR); the National Food and Goods Authority (NVWA); Customs; the Gambling Authority; the National Tax Authority; the Benefits Agency (UWV); the National Traffic Service (RDW); and the National Labour Inspectorate.

Rotterdam's BTT inspections



- **6** municipal departments
- **11** partner government agencies

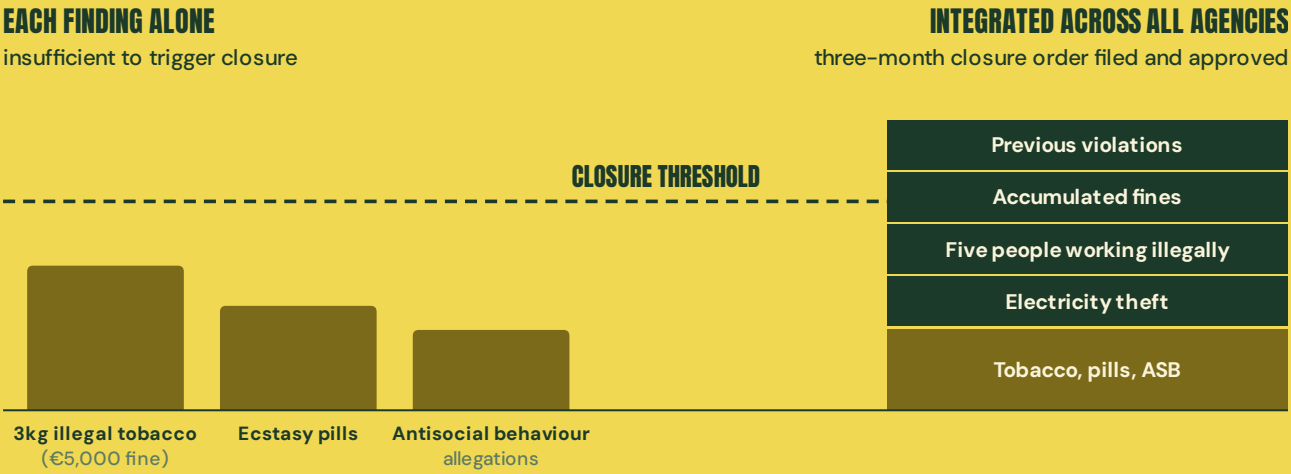
Coordinated as one by the Municipality of Rotterdam

THE POWER OF CUMULATIVE IMPACT

At one business, individual findings were each insufficient to trigger closure: 3kg of illegal tobacco (€5,000 fine), ecstasy pills, allegations of antisocial behaviour without hard evidence. But when integrated with findings from all participating agencies - adding electricity theft, five people working illegally, accumulated fines and previous violations - a request for a three-month closure order was filed and approved by the mayor. The lesson for the UK: Operation Machinize already has the multi-agency footprint, but lacks the legal architecture to integrate findings into a single closure-grade administrative case. The existing UK toolkit produces fines, not closures.

Available enforcement powers in the BTT model include: fines (up to €40,000); withdrawal of welfare or social security benefits from employees or owners; arrest powers (police); temporary or permanent closure of businesses (closure orders of up to three months sit with the mayor); and seizure of goods as proceeds of money laundering. The cumulative impact - the integrated collation of all violations across agencies - is what unlocks closure powers that no individual finding would support.

Individual versus integrated findings



Illustrative: heights show the principle, not measured values

THE SUBVERSIVE CRIME PROGRAMME

The Subversive Crime Programme is a comprehensive city-wide programme covering narcotics, human trafficking, real estate crime, healthcare crime and high street crime in vulnerable commercial sectors. Where a sector or area is causing harm, the mayor can impose a permit requirement on buildings, streets or entire commercial sectors - which then unlocks Bibob screening.

Critically, the programme integrates economic crime enforcement with high street regeneration. Prioritised high streets receive a comprehensive improvement plan spanning economic development, real estate management and public realm improvements - including, where appropriate, repurposing premises (for example converting retail units to offices) and installing street furniture to transform the character of an area. The economic crime workstream and the regeneration workstream are not separate. They are designed to reinforce each other.

WHAT TRANSLATES TO THE UK

ROTTERDAM	UK GAP
Bibob administrative integrity screening using police intelligence	No equivalent; licensing decisions limited to convictions and basic checks
Mayoral power to impose sectoral or area-based permit requirements	No statutory route for local authorities to impose new permit regimes on emerging high-risk sectors without primary legislation
Coordinated BTT inspections producing cumulative closure cases	Op Machinize model produces parallel agency findings but no integrated closure-grade administrative case
Closure orders of up to three months sit with the mayor	UK has closure powers under ASB Act 2014 and Licensing Act 2003 but rarely used for economic crime; no executive municipal power equivalent — the June 2026 consultation on twelve-month orders is the right direction of travel, but duration alone is not architecture
Comprehensive improvement plans integrating regeneration and economic crime in one framework	MHCLG Pride in Place / High Streets Strategy and Home Office Anti-Corruption strategy run in parallel with no integration mechanism

7. RECOMMENDATIONS IN FULL

The recommendations below are grouped into eight workstreams. They draw on the APPG's Clean Foundations for Growth report, the November 2025 roundtable, the BBC investigation, the CTSI plan in Hidden in Plain Sight, the Fair Tax Foundation's corporate transparency proposals, and the April 2026 Rotterdam briefing.

Eight workstreams

7.1 STRATEGIC OWNERSHIP 3 recommendations	**7.2** BACK TRADING STANDARDS AS THE NATIONAL FRONTLINE 6 recommendations	**7.3** LEGISLATION: CORPORATE AND INDIVIDUAL LIABILITY 3 recommendations	**7.4** CORPORATE TRANSPARENCY: END THE £13 GETAWAY 5 recommendations
7.5 LICENSING AND SECTORAL REGULATION 4 recommendations	**7.6** PROPERTY AND LANDLORD FRAMEWORKS 7 recommendations	**7.7** INTELLIGENCE, DATA AND OPERATIONAL TOOLS 4 recommendations	**7.8** FUNDING, COMMUNICATIONS AND PROTECTION 5 recommendations

7.1 STRATEGIC OWNERSHIP

- **Build the High Street Organised Crime Unit into a permanent, cross-Whitehall programme.** Put the Unit on a multi-year funding settlement jointly owned by the Home Office, HM Treasury, MHCLG and DBT, with explicit operational links to the National Economic Crime Centre, a guaranteed seat for Trading Standards in the coordination cell, a published map of high-risk high streets, and success measured in permanent closures of criminal premises - not visits or arrests.
- **Treat high street money laundering and tax abuse as a priority threat under the new AML and Asset Recovery Strategy** currently being developed jointly by the Home Office and HM Treasury.
- **Make Pride in Place and high street regeneration funding conditional on credible economic crime planning.** Receiving authorities should set out how funding will be protected against displacement by criminal operators, and how local economic crime intelligence will inform regeneration choices.

7.2 BACK TRADING STANDARDS AS THE NATIONAL FRONTLINE

The sustainable route to cleaner high streets runs through Trading Standards: locally embedded, trusted, multi-disciplinary — and cut to the bone.

- **A phased funding settlement rising to £100 million a year after four years,** as called for by CTSI and the Anti-Counterfeiting Group, alongside sustained investment in partner agencies - replacing one-off allocations such as the £6 million announced in May 2026.
- **National coordination for a cross-boundary threat.** Establish national standards and a standing coordination function for Trading Standards work on serious organised crime, and guarantee the inclusion of Trading Standards in regional SOC tasking arrangements (CTSI). The criminal model is replicated across county lines; enforcement organised strictly by local authority boundary is structurally mismatched to it.
- **Give officers the basic powers of an enforcement agency:** the power to require a person to produce identification when investigating a suspected offence, and consideration of authorisation under the Customs & Excise Management Act (CTSI).
- **Remove the £1,000 cash seizure threshold** under the Proceeds of Crime Act, allowing Trading Standards officers to seize any amount of suspected criminal proceeds.
- **Expand Accredited Financial Investigators** across local authorities - and amend the Proceeds of Crime Act 2002 so that Scottish services can employ them at all, with a matching asset-recovery incentivisation scheme (CTSI).
- **Fix the funding of prosecutions.** Review the system in England and Wales whereby criminal prosecutions brought by Trading Standards are funded by individual local authorities - which allows well-resourced organised crime groups to outlast councils in court (CTSI).

7.3 LEGISLATION: CORPORATE AND INDIVIDUAL LIABILITY

- **Introduce a 'failure to prevent money laundering' offence** for high-risk regulated firms, in line with existing failure-to-prevent regimes for bribery and fraud, placing an obligation on firms to maintain adequate AML controls or face corporate liability.
- **Ensure the new Senior Executive Liability regime extends to high street businesses in high-risk sectors,** creating duties on managers and using director disqualification and criminal sanctions where neglect enables breaches.
- **Direct relevant agencies to make far wider use of existing Companies Act winding-up and director disqualification powers** for companies involved in criminal enterprise.

7.4 CORPORATE TRANSPARENCY: END THE £13 GETAWAY

- **Raise the cost of opening and closing a company.** Increase incorporation to at least £250 - closer to the EU average - and dissolution fees substantially, with the proceeds funding Companies House enforcement (Fair Tax Foundation).
- **Require final accounts before strike-off,** so that a company's income, and any taxes owed, cannot simply vanish along with the company (Fair Tax Foundation).
- **Remove the opt-out from small-company accounts publication.** Commence the reinstated profit-and-loss filing requirement on schedule in April 2028, with full public

disclosure - publication is what lets councils, landlords, creditors and competitors spot a sham business.

- **Police the gatekeepers.** Resource Companies House to supervise Authorised Corporate Service Providers robustly and to strike off fraudulent registrations at speed.
- **Reverse the collapse in prosecutions** of evaders and their professional enablers, and make far greater use of directors' personal liability for company tax debts in phoenix cases.

7.5 LICENSING AND SECTORAL REGULATION

- **Adopt a UK equivalent of the Bibob Act for high-risk premises, sectors and zones.** Allow defined public authorities - beginning with local authorities in pilot areas - to refuse or withdraw permits on the basis of police intelligence and tax data, including suspicions recorded by police and prosecutors, with explicit power to screen third-party capital providers and beneficial owners.
- **Move from voluntary to mandatory licensing for barbers and hairdressers.** Make registration a condition of trading so persistently non-compliant operators can be shut down and kept out. Use the Hair and Barber Council's existing register as a starting point. The Tobacco and Vapes Act 2026 licensing regime provides the administrative template.
- **Extend strengthened licensing to other high-risk cash-intensive sectors,** including candy shops, vape shops and certain mini-marts. Align enforcement more closely with the stricter model used for pubs and off-licences, where premises can be closed quickly for repeated breaches. Make the sale of illegal goods an explicit trigger for licence review.
- **Address 'virtual shops' and online-only operators** by requiring mandatory publication of verifiable company and VAT information and tightening existing legislation so operators cannot hide behind anonymous online marketplaces. Make online marketplaces liable for VAT on all sales they facilitate, alongside the accelerated abolition of the de minimis import exemption.

7.6 PROPERTY AND LANDLORD FRAMEWORKS

- **Establish a register of owners and occupiers of commercial properties,** as recommended by the House of Lords Built Environment Committee in its November 2024 report. Make it accessible to law enforcement and the regulated sector to identify repeat problem addresses, phoenix structures and common beneficial owners across multiple sites.
- **Introduce a statutory 'Know Your Tenant' duty** on commercial landlords and managing agents in defined high-risk sectors - basic identity and business checks before letting, with records available to local authorities. Landlords are currently the de facto gatekeepers of the high street but face no statutory duty to scrutinise prospective occupants.
- **Fine complicit landlords - and help the law-abiding.** Issue civil penalties, starting at £10,000 per breach and escalating for repeat offences, to landlords who knowingly allow their premises to be used for illegal activity; pair this with guidance on spotting criminal activity and faster legal routes so supportive landlords can evict criminal tenants efficiently (CTSI).
- **Strengthen landlord powers and duties.** Introduce a forfeiture clause in the Landlord and Tenant Act 1954 enabling eviction for sustained business rates non-payment or substantial

underpayment, and provisions enabling eviction where premises are being used to sell unsafe or illicit goods.

- **Create a high-risk sub-category within use Class E,** so that changes of use to the most exposed business types - barbershops, vape shops, nail bars, candy and souvenir stores - require local authority approval, restoring council visibility and control over the make-up of their own high streets.
- **Fund councils to maintain commercial occupancy datasets,** cataloguing who occupies which units, so that law enforcement and local authorities can identify patterns before a street tips.
- **Review the three-month empty property business relief** to ensure that it is not providing a perverse incentive for landlords to fill units quickly with insufficient checks on tenants.

7.7 INTELLIGENCE, DATA AND OPERATIONAL TOOLS

- **Introduce Geographic Targeting Orders (GTOs) in defined high-risk areas,** requiring financial institutions and other regulated firms to report specified transactions involving cash-intensive businesses, mirroring US FinCEN practice.
- **Agree a common minimum dataset for high street risk** (addresses, PSC links, bank and Post Office cash activity, licensing status, previous enforcement action), and set out how this should routinely flow between police, NECC, HMRC, Companies House, banks, the Post Office and local authorities.
- **Use Companies House's new ECCTA powers fully,** including blocking the formation of clearly suspect companies, sharing data proactively with all relevant public bodies, and aggressively striking off entities created for unlawful purposes within the first 28 days.
- **Legislate this year on closure powers - and go further than the consultation.** Extend Closure Notices from 48 hours to 7 days and Closure Orders to twelve months; provide permanent closure for persistently offending premises and indefinite closure where lawful ownership cannot be proven; give all local authorities - including county councils and Scottish authorities - the power to apply; and amend Criminal Behaviour Orders so they can follow the individuals linked to a closed premises, closing the 'shop next door' loophole (CTSI). The result of the current regime is a revolving door that drains scarce enforcement capacity while sustaining the criminality that closure powers exist to disrupt.

7.8 FUNDING, COMMUNICATIONS AND PROTECTION

- **Create a ringfenced, multi-year Economic Crime Fighting Fund** that recycles a defined share of seized and confiscated assets back into agencies tackling high street economic crime - including the NCA, HMRC, local multi-agency taskforces and Trading Standards - with appropriate cost protections to avoid deterring complex asset recovery. Use the Fund and the existing Economic Crime Levy to support sustained, multi-year local partnerships rather than one-off operations.
- **Establish a dedicated public reporting line for high street economic crime,** backed by a public awareness campaign explaining how cash-intensive criminal businesses link to drugs, organised crime, terrorism and exploitation, and how members of the public can report safely.

- **Support the Insolvency Service's directors' education hub** with targeted communications at the point of company formation, spelling out the risks of acting as a nominee or 'front' director - particularly for students and others in financial difficulty.
- **Embed safeguarding of staff and modern slavery victims** in all high street enforcement activity, with clearer referral pathways and feedback to communities so that local residents can see results.
- **Provide appropriate incentives and protections for whistleblowers** - including staff in suspect businesses, managing agents and professionals - who come forward with information.

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