

## REPORT TO CABINET

20 February 2019

<b>Subject:</b>	<b>Revised Anti-Money Laundering Policy</b>
<b>Presenting Cabinet Member</b>	<b>Councillor Steve Trow – Cabinet Member for Culture and Core Council Services</b>
<b>Director</b>	<b>Executive Director – Resources – Darren Carter</b>
<b>Contribution towards Vision 2030:</b>	
<b>Key Decision:</b>	Yes
<b>Forward Plan (28 day notice) Reference:</b>	SMBC06/02/2019
<b>Cabinet Member Approval and Date:</b>	Councillor Steve Trow – Cabinet Member for Culture and Core Council Services 13/12/2018
<b>Director Approval:</b>	Executive Director – Resources Darren Carter
<b>Reason for Urgency:</b>	Urgency provisions do not apply.
<b>Exempt Information Ref:</b>	Exemption provisions do not apply.
<b>Ward Councillor (s) Consulted (if applicable)</b>	Ward Councillors have not been consulted.
<b>Scrutiny Consultation Considered?</b>	Scrutiny have not been consulted.
<b>Contact Officer(s):</b>	Oliver Knight Counter Fraud Lead <a href="mailto:Oliver_knight@sandwell.gov.uk">Oliver_knight@sandwell.gov.uk</a>  Peter Farrow

## **DECISION RECOMMENDATIONS**

### **That Cabinet:**

approves the revised Anti-Money Laundering Policy

## **1 PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to give details of the updates to the Council's Anti-Money Laundering Policy and seek approval for the revised Policy.

## **2 IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 The risk of money laundering affects many council service areas. This policy assists the council to accomplish its vision by bringing a systematic approach to reducing the risk of money laundering, compliance with existing legislation and safeguarding the council's assets and reputation.
- 2.2 While councils are required to have an anti-money laundering policy, Sandwell's approach to tackling the issue of money laundering, especially in the area of right to buy sales in recent years, has seen the council's reputation increase and recently a number of other councils and organisations have contacted us for information and advice in this area.
- 2.3 The revised policy allows the council to move forward in actively deterring potential money laundering activity and have more robust procedures in place to report suspected money laundering than most councils currently have.

## **3 BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 This updated version brings the policy in line with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 3.2 Other amendments to the policy include:
- the introduction of a reduced cash limit from £8,000 to £2,000,
  - identifying nominated officers to assist the Money Laundering Reporting Officer with their duties, and

- increasing staff awareness on the importance of carrying out due diligence enquiries and reporting concerns of money laundering.

3.3 The risks across the organisation have been considered and having met with key service areas, the main areas of risk have been identified as being around Right to Buy, land and property sales and cash transactions.

3.4 In line with the existing policy, due diligence and reporting methods are already in place, the new policy introduces a strengthened approach to build upon the current systems in order to ensure that a robust and effective approach is taken. A number of initial training sessions have already been delivered, with further training programme currently being developed.

3.5 An Annual review work of the policy will be undertaken by the Audit and Risk Assurance Committee.

## **4 THE CURRENT POSITION**

4.1 The council's existing policy was approved by Cabinet in November 2015.

## **5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

5.1 The Policy has been discussed with the relevant stakeholders and reported to the respective directors.

5.2 The Audit and Risk Assurance Committee considered the draft revised policy at its meeting on 10 January 2019. Some concern was expressed about the impact of the reduced cash limit on residents in higher council tax bands who may wish to pay their council tax bill in cash. The Executive Director – Resources assured the Committee that there would be little impact and that residents were encouraged to pay their council tax by direct debit. The revisions to the policy were welcomed.

## **6 ALTERNATIVE OPTIONS**

6.1 The policy is written in accordance with a statutory framework, therefore there are no alternative options.

## **7 STRATEGIC RESOURCE IMPLICATIONS**

7.1 There are no direct financial and resource implications arising from this report.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

8.1 The policy has been written taking into consideration the following legal framework:

- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- Proceeds of Crime Act (PoCA) 2002
- Terrorism Act 2000
- Data Protection Act 2018

8.2 Failure to adhere to the Proceed of Crime Act 2002 could result in an officer or officers of the council committing offences under Sections 327, 328 or 329 of the act, which carries a sentence of 14 years imprisonment, an unlimited fine or both.

7.3 If an officer suspects money laundering but fails to report their concerns offences also exist under the Proceeds of Crime Act which carry a sentence of 5 years imprisonment.

## **9 EQUALITY IMPACT ASSESSMENT**

9.1 It was not necessary to undertake an Equality Impact Assessment.

## **10 DATA PROTECTION IMPACT ASSESSMENT**

10.1 It was not necessary to undertake a Data Protection Impact Assessment. No personal information or data is included within the policy.

## **11 CRIME AND DISORDER AND RISK ASSESSMENT**

11.1 Local authorities do not feature within the 'anti-money laundering regulated sector'. Consequently its services, such as Right to Buy, land and property sales and cash transactions make the council increasingly attractive to criminals wanting to launder money.

11.2 Due diligence procedures, clear reporting methods and staff awareness will assist the council to deter, prevent and detect money laundering.

## **12 SUSTAINABILITY OF PROPOSALS**

12.1 There are no direct sustainability issues arising from this report.

**13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

13.1 There are no direct health and wellbeing implications from this report.

**14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 Under both the existing and updated version of the policy customer due diligence is a requirement. This includes the need to confirm the identity of the customer and source of funds which are being used. Council services such as land and property transactions, leaseholds and right to buy sales are services at risk. However, the due diligence requirements are already being undertaken in line with the existing policy.

**15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 It has been necessary to review the policy to bring it in line with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

**16 BACKGROUND PAPERS**

16.1 None.

**Darren Carter**  
**Executive Director – Resources**