Stevenage
BOROUGH COUNCIL

Anti-Money Laundering Policy

Stevenage Borough Council

2026

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Approved by	Audit Committee
Owner	Director Finance & Deputy S151 Officer
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Author	Atif Iqbal (Director Finance & Deputy S151 Officer)
Business Unit and Team	Finance
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For translations, braille or large print versions of this document please email equalities@stevenage.gov.uk.

Contents

1. Purpose

1.1 Stevenage Borough Council is committed to the highest possible standards of ethical conduct, governance, and financial integrity. Although local authorities are not directly subject to the Money Laundering Regulations 2017, the Proceeds of Crime Act 2002, or related regulatory regimes in the same way as financial institutions, guidance from CIPFA makes clear that local authorities must comply with the spirit of these requirements and implement effective controls to prevent money laundering, terrorist financing, and the handling of criminal property.

1.2 The purpose of this policy is to:

- Protect the Council, its staff, Members, residents, and partners from exposure to money laundering and terrorist financing risks.
- Set out clear governance, controls, and procedures for identifying, reporting, and responding to suspicious activity.
- Ensure appropriate diligence, record-keeping, and escalation processes are followed.
- Outline the roles and responsibilities of employees and Members, including the statutory responsibilities of the Money Laundering Reporting Officer (MLRO).
- Ensure compliance with the underlying principles of the Proceeds of Crime Act 2002, Terrorism Act 2000, and Money Laundering Regulations 2017.

1.3 This 2026 Policy replaces the previous AML Policy (2021) and incorporates updates associated with national legislation, best practice, and public sector risk assessments.

2. Scope

2.1 This policy applies to:

- All Council employees (permanent, temporary, agency).
- All Elected Members.
- Contractors and consultants working on behalf of the Council.
- Any individual or organisation handling Council funds or acting in a capacity that could expose the Council to money laundering activity.

2.2 The policy aims to ensure that every employee and Member understands their responsibility to:

- Be vigilant to potential money laundering or terrorist financing risks.
- Report any suspicions immediately to the MLRO (in line with the reporting process set out in Section 9).

- A clear step-by-step reporting guide is provided in Section 9 (References and Resources) to support staff in raising concerns.
- Follow all AML procedures without exception.

2.3 Any suspicions arising outside of Council work should be reported directly to the Police.

2.4 This Policy underpins all Council operations where financial transactions or asset transfers may occur, including property sales, debt recovery, benefits, housing transactions, procurement, and customer payments.

2.5 This policy should be read in conjunction with the council's Anti-Fraud and Corruption strategy statement and policy.

https://www.stevenage.gov.uk/about-the-council/access-to-information/national-fraud-initiative/anti-fraud-and-corruption-strategy

3. Legal Framework

3.1 This Policy has been developed in accordance with the requirements and principles of:

- **Proceeds of Crime Act 2002 (POCA)** – defines money laundering offences and establishes the duty to report suspicious activity.
- **Money Laundering Regulations 2017 (as amended)** – sets out identification, reporting, and record-keeping requirements.
- **Terrorism Act 2000** – covers terrorist financing offences.
- **Criminal Finances Act 2017** – enhances investigative powers.
- **CIPFA Anti-Money Laundering Guidance for Local Authorities**

3.2 To comply with AML legislation, the Council must:

- Appoint a Money Laundering Reporting Officer (MLRO).
- Maintain client identification procedures in certain circumstances.
- Implement a procedure to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.

3.3 The Council also complies with the Data Protection Act 2018 and UK GDPR.

4. Equalities

4.1 Under the Equality Act (2010) the Council has a legal duty to fulfil the requirements of the Public Sector Equality Duty (PSED). Through this duty and in the application of this policy, the council will carry out its functions in a way that:

a. Removes discrimination, harassment, victimisation, and any other conduct that is unlawful under the Equality Act (2010)
b. Promotes equal opportunities between people who have a protected characteristic(s) and those who do not
c. Encourages good relations between people who have a protected characteristic(s) and those who do not

Further information on the Council's fulfilment of the Equality Act (2010) is set out in the Equality, Diversity and Inclusion (EDI) Policy (2022) and Reasonable Adjustment Policy (2024).

5. Data Protection

5.1 The Council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as particularly important to delivery of services.

5.2 The Council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). For further information on the Councils approach to handling information please see [Data Protection Act (stevenage.gov.uk)]

6. Policy

6.1 **Definition of Money Laundering**

Money laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under the Proceeds of Crime Act 2002 (POCA) as the following prohibited acts:

a) Concealing, disguising, converting, transferring, or removing criminal property from the UK. (s327 POCA).
b) Becoming involved in an arrangement which an individual knows or suspects, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person. (s328 POCA).
c) Acquiring, using, or possessing criminal property (s329 POCA).
d) Doing something that might prejudice an investigation e.g., falsifying a document (s333 POCA).
e) Failure to disclose one of the offences listed in a) to c) above, where there are reasonable grounds for knowledge or suspicion (s330-332 POCA); and
f) Tipping off a person(s) who is or is suspected of being involved in money

laundering in such a way as to reduce the likelihood of or prejudice an investigation. (s333 POCA).

6.2 Provided the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of 'failure to disclose' and 'tipping off' do not apply. However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

6.3 The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

6.4 Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that they or someone they know, or know of, is benefiting financially from dishonest activities.

6.5 Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences detailed in 6.1.

6.6 **Money Laundering Reporting Officer (MLRO)**
The Council designates the Head of the Shared Anti-Fraud Service (SAFS) as the MLRO. The SAFS Counter Fraud Managers may act as Deputy MLRO in the absence of Head of SAFS.

MLRO Contact Details:
Hertfordshire County Council
Shared Anti-Fraud Service (SAFS)
1st Floor, Robertson House, Six Hills Road, Stevenage, SG1 2FQ
Email: **MLRO@Hertfordshire.gov.uk**
Tel: **01438 844705**

All staff must report suspicious activity to the MLRO immediately, using the Council's internal disclosure form.**(Appendix E)**

6.7 **How the Council might become involved in Money Laundering**
The council recognises that most customers and contracts are not money launders or terrorist financiers and the systems and controls in place to mitigate the risk should focus on identifying the high-risk customers/contracts/situations and responding to them appropriately.

6.8 Generally, the council's business will pose a low-to-moderate risk of being used as a vehicle for money laundering. The council is involved in relatively few transactions, compared to a bank, building society or law firm, and the nature of the transactions are with participants that have likely come under considerable scrutiny as to their bona fides and financial status. Opportunities to pass criminal property through the council with relative anonymity are limited.

6.9 The council carries out transactions for a variety of purposes during which it handles money from customers. These transactions include but are not limited to Council Tax and Business Rate payments, social property rent, leaseholders/commercial rent, licence fees, planning applications, and income for the sale/disposal of council assets.

6.10 It is therefore feasible for the council to become unwittingly involved in the money laundering process via customer/businesses who are carrying out apparently normal transactions, if the money used in the transactions are from the proceeds of crime.

6.11 Criminals may seek to exploit local authorities to launder money by making funds appear legitimate, for example where payments are credited from the local authority into a bank account. A particular risk arises where overpayments to customer accounts are subsequently requested to be refunded to a different bank account. To mitigate this risk, officers must carry out appropriate and proportionate due diligence on both the source of the original overpayment and the bank account to which any refund is requested. This is essential to ensure the Council does not inadvertently facilitate money laundering or related financial crime.

6.12 **Refunds Policy**

All staff must ensure that refunds are processed only to the originating bank account from which the payment(s) were made to the Council. This requirement applies to all refund requests unless exceptional circumstances apply.

Exceptional circumstances include situations where the refund cannot be made to the originating bank account, for example where the originating account has been closed. Processing a refund to a different bank account for customer convenience alone is not considered an exceptional circumstance. Where a refund is made to an alternative account, this must be supported by appropriate evidence and subject to the Council's two-stage checking process to ensure accuracy and mitigate risk.

Where a refund is issued to an alternative account, this should normally be restricted to another bank account held by the same customer and registered at the same address. The customer's account must be verified as follows;

- Proof of account held in the customer's name
- Bank account verification via NAFN's BAV service (or another recognised Bank Account verification process)

Where a refund is requested to be paid to a third party, the officer must:

- Record a clear justification for the payment on the customer record (this may include circumstances such as customer deceased);

- Record the name of the third-party account holder and their relationship to the customer.

The third-party account holder must provide appropriate verification to support the refund request. This should include valid photographic identification, proof of address, and evidence of ownership of the bank account to which the refund is to be made. Where attendance in person is not practical, this information may be provided through other secure and verifiable means, subject to appropriate checks in line with the Council's procedures.

No refund shall be paid to a third party until all verification checks have been completed to the Council's satisfaction, and the decision has been authorised by a line manager.

6.13 **Client Identification Process**
'Customer due diligence measures' are derived from the money laundering regulations 2017 section 28 and is used to describe the measures that form adequate customer due diligence, including customer identity, background to the customers business, and source of funds.

6.14 Although not a legal requirement, the Council has developed formal client identification procedures which must be followed when council land or property is being sold. These procedures require individuals and, if appropriate, companies to provide proof of identity and current address.

6.15 The council carries out measures to ensure customer due diligence in all service areas, in accordance with the obligations set out in the money laundering regulations 2017. This typically requires gathering information about a customer or someone acting on behalf of the customer ('beneficial owner') including:

- Name
- Date of birth
- Residential Address
- An official document which confirms the person's identity.

6.16 If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed, and a disclosure report must be submitted to the Money Laundering Reporting Officer.

6.17 All personal data collected must comply with UK GDPR.

6.18 **Responsibilities of Staff and Others**
Prevention, detection and reporting of fraud, corruption and reporting suspicions of money laundering is the responsibility of all those working for the council or under its control. All staff, including third parties working or performing any service on or behalf of the council, are to avoid activity that breaches this policy, and must:

- Ensure that they read, understand and comply with the policy;
- Ensure that policy and procedures of contracted services align with the council's policy and procedures, in relation to money laundering safeguards;
- Ensure that the council's policy and procedures, and service area guidance which cover customer due diligence measures, payments and refunds, have been read, understood, and are complied with;
- Raise concerns as soon as possible if they suspect that this policy has been breached;
- Always act honestly with integrity to safeguard the council's resources for which they are responsible; and
- Comply with the law (both in spirit and in the letter).

The Council will ensure that suspected cases are managed collaboratively between the MLRO, SAFS, Legal Services and Human Resources where appropriate.

6.19 **Reporting Procedure for Suspicions of Money Laundering**

Where you know or suspect that money laundering activity is taking place or as taken place or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later. Your disclosure should be made to the MLRO using the disclosure report, the report must include as much detail as possible including:

- Full details of the people involved.
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved.
- The date(s) of such activities.
- Whether the transactions have happened, are ongoing or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved; and
- Why, exactly, you are suspicious.

6.20 Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering, and to enable them to prepare their report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

6.21 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the Act, then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g., a completion date or legal deadline.

6.22 Once you have reported the matter to the MLRO you must follow any directions the MLRO may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

6.23 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise, you may commit a criminal offence of "tipping off."

6.24 Do not make any reference on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note may tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

6.25 **Consideration of the disclosure by the Money Laundering Reporting Officer (MLRO)**

Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. They should also advise you of the timescale within which they expect to respond to you. The MLRO will consider the report and any other available internal information they think relevant, for example:

- reviewing other transaction patterns and volumes.
- the length of any business relationship involved.
- the number of any one-off transactions and linked one-off transactions; and any identification evidence held.

The MLRO will adopt a coordinated approach when managing disclosures. This will include working with the SAFS, Legal Services and Human Resources to ensure that enquiries are conducted lawfully, any employment matters are handled appropriately, and legal advice is obtained where required.

6.26 The MLRO will undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is considered in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

6.27 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether they need to seek consent from the NCA for a particular transaction to proceed.

6.28 Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they have a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

6.29 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then they must note the report accordingly; they can then immediately give their consent for any ongoing or imminent transactions to proceed.

6.30 In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Legal Department to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

6.31 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

6.32 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.

6.33 All disclosure reports referred to the MLRO, and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

6.34 The MLRO commits a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

6.35 **Training**

Officers considered likely to be exposed to suspicious situations, will be made aware of these by senior management and provided with appropriate training. Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Council and them.

6.36 Notwithstanding the paragraphs above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

6.37 **Financial Regulations**
Although the relevant Regulations relating to money laundering do not, in many cases directly apply to local authorities, guidance from CIPFA states that local authorities should comply with the requirements of these Regulations. All members of staff, and those acting on behalf of the Council, must follow the Council's Anti-Money Laundering Policy, published on the Intranet.

6.38 This Policy sets a limit on payments to the Council in the form of cash; place a duty on members of staff who suspect money laundering activity to report this to the Money Laundering Reporting Officer; and require that officer to make appropriate reports to the National Crime Agency.

6.39 **Statement of Regulated Responsibilities**

A. No payment to the Council will be accepted in cash if it exceeds £1,000 or if the sum offered exceeds the amount due.
B. Any employee who suspects money laundering activity must make a Disclosure Report reporting their suspicion promptly to the Money Laundering Reporting Officer (MLRO), or to the MLRO's deputy if appropriate, using the Money Laundering Reporting Procedure.
C. The employee must follow any subsequent directions of the MLRO or deputy and must not themselves make any further enquiries into the matter.
D. The employee must not disclose or otherwise indicate their suspicions to the person suspected of money laundering.
E. The MLRO or deputy must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA).
F. The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner.
G. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

6.40 Given a local authority's legal position with regard to the legislative requirements governing money laundering, the Council believes that this Policy represents a proportionate response to the level of risk it faces of money laundering offences.

7. Consultation

7.1 This Policy has been developed in consultation with:

- Shared Anti-Fraud Service (SAFS)
- Finance
- Legal Services
- HR
- Corporate Policy
- Relevant Service Areas (e.g., Housing, Revenues)

- Trade Unions

8. Monitoring and Review

8.1 This Policy will be reviewed **every three years** or sooner if legislation changes, by:

- The Money Laundering Reporting Officer
- Section 151 Officer/Deputy S151 Officer
- Monitoring Officer

8.2 Where there is a request for the content of the policy to be reviewed in response to a complaint, the relevant Business Unit's Director will be notified. If the Director agrees that a review of policy is required, this will be discussed with the appropriate Portfolio Holder. The Director Finance will be responsible for implementing a subsequent policy review.

9. References and Resources

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Money Laundering Regulations 2017
- CIPFA Anti-Money Laundering Guidance
- NCA SAR Reporting Guidance
- SBC Financial Regulations

How to Report Suspected Money Laundering – Quick Guide:
If you suspect money laundering or terrorist financing, you must act immediately:

1. **Identify your concern**
   If something does not feel right (e.g. unusual payments, refund requests, or customer behaviour), report it.

2. **Do not investigate yourself**
   Do not question the customer or attempt to gather further evidence.

3. **Do not alert the individual (no tipping off)**
   You must not inform the person involved, as this may constitute a criminal offence.

4. **Report immediately to the MLRO**
   - Submit a disclosure report using the Council's procedure
   - Contact the MLRO or Deputy MLRO if urgent

5. **Maintain confidentiality**
   Do not discuss the matter with colleagues unless instructed.

6. **MLRO assessment**
   The MLRO will assess the report and determine whether it should be referred to the National Crime Agency (NCA).

7. **Follow instructions**
   You must follow any directions from the MLRO and not take further action unless authorised.

   You may also raise concerns under the Council's Whistleblowing Policy where appropriate using the link below:

   https://www.stevenage.gov.uk/documents/about-the-council/financial-management/2026-general-files/sbc-whistle-blowing-policy-december-2025.pdf

10. Acronyms and Definitions

- EDI Equality, Diversity, and Inclusion
- GDPR General Data Protection Regulation
- SBC Stevenage Brough Council
- AML Anti-Money Laundering
- MLRO Money Laundering Reporting Officer
- POCA Proceeds of Crime Act 2002
- SAR Suspicious Activity Report
- NCA National Crime Agency
- SAFS Shared Anti-Fraud Service

11. Appendices

Appendix D - EQIA

Appendix E - Suspicious Activity Report Form (MLRO Template)

12. Version History

Date	Outlined Amendments	Author
June 2026	Updated policy template	Atif Iqbal (Director Finance & Deputy S151 Officer)