Lichfield District Council

Anti- Money Laundering Policy

September 2025

Approved by:	**Audit Committee**
Approval date:	**September 2025**
Author/owner:	Director - Finance, Regulation and Enforcement (Section 151)
Review frequency:	Every 4 years
Next review date:	September 2029
Location:	Intranet and Website

1. Introduction and Purpose of policy

1.1 Although local authorities are not directly covered by the requirements of the Money Laundering Regulations (MLR), guidance from CIPFA indicates that they should comply with the underlying spirit of the legislation and regulations.

1.2 Lichfield District Council is committed to the highest possible standards of conduct and governance, therefore, it has put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

1.3 The Council must apply customer due diligence measures if the person carries out an occasional transaction that amounts to a transfer of funds exceeding £1,000. **To address and prevent money laundering and terrorist financing the Council has set a cash payment limit of £1,000.**

1.4 This is not designed to prevent customers making payments for Council services but to minimise the risk to the Council of high value cash transactions. Best practice is to be encouraged – seek payment electronically from a UK clearing bank.

2. Scope of policy

2.1 This policy applies to all employees, whether permanent or temporary/agency, and Members of the Council.

2.2 Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside work should contact the Police.

3. Policy Statement

ANTI-MONEY LAUNDERING POLICY STATEMENT

3.1 Lichfield District Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Councillors and Employees in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002 (as amended by the serious organised Crime and Police Act 2005), Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 *(and as amended)* (MLR) and the Bribery Act 2010.

3.2 The Council acknowledges the threat of money laundering and the harm that it can cause. The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against employees, Councillors, contractors, those with whom the Council has partnerships, subsidiaries or joint ventures; external individuals and organisations.

3.3 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.

3.4 This document is intended to provide advice and information to Employees, Agency Staff and Councillors but suppliers, contractors and the general public are also encouraged to use this advice and guidance.

4. Policy details

4.1 Definition of Money Laundering

Money laundering is a general term for any method of disguising the origin of "dirty" or criminal money. This money may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion and theft. The purpose of money laundering is to hide the origin of the dirty money so that it appears to have come from a legitimate source. Unfortunately, no organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unknown. It is, therefore, possible that the Council may be targeted by criminals wishing to launder the proceeds of crime.

In addition, it is possible that the proceeds of crime may be received from individuals or organisations who do not realise that they are committing an offence. It is no defence for the payer or the recipient to claim that they did not know that they were committing an offence if they should have been aware of the origin of the funds. All staff therefore dealing with the receipt of funds or having contact with third parties from whom funds may be received need to be aware of the possibility of money laundering taking place.

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 ("the Act"); the following are 'prohibited acts':

- Concealing, disguising, converting, transferring or removing criminal property from the UK
- 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
- Acquiring, using or possessing criminal property
- Failure to disclose one of the offences listed above, where there are reasonable grounds for knowledge or suspicion
- Doing something that might prejudice an investigation e.g. falsifying a document
- 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

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.

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.

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

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 above.

It is important therefore that staff are aware of the rules and procedures that the Council has in place to ensure that they comply with the relevant legislation and approach taken by the Council as set out in this policy.

4.2 Requirement of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer.
- Conduct a money laundering and terrorist financing risk assessment.
- Implement systems, policies, controls and procedures to address money laundering and terrorist financing risks and meet the requirements under the regulations.
- Apply policies, procedures and adopt appropriate internal controls.
- Provide training for staff.
- Maintain customer due diligence, enhanced due diligence and simplified due diligence requirements in certain circumstances.
- Comply with requirements relating to politically exposed persons.
- Implement a procedure to enable the reporting of suspicions of money laundering, including record keeping and compliance with data protection systems.
- Maintain record keeping procedures

4.3 Money Laundering Reporting Officer (MLRO)

The Council has designated the Director - Finance, Regulation and Enforcement (Section 151) as the Money Laundering Reporting Officer (MLRO). They can be contacted on 01543 308012 or by email on anthony.thomas@lichfielddc.gov.uk .

In the absence of the MLRO or in instances where it is suspected that the MLRO could be involved in suspicious transactions, concerns should be raised with the Chief Executive. They can be contacted on 01543 308001 or by email on simon.fletcher@lichfielddc.gov.uk.

4.4 Possible Signs of Money Laundering

It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something "odd" is happening may be sufficient for a reasonable suspicion of money laundering to arise.

The following are the types of risk factors which *may,* either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

- A new customer with no previous history with the Council.
- A secretive customer: for example one who refuses to provide requested information without a reasonable explanation.
- Concerns about the honesty, integrity or identity of a customer.
- Illogical third party transactions: for example unnecessary routing or receipt of funds from third parties or through third party accounts.
- Involvement of an unconnected third party without logical reason or explanation.
- Payment of substantial sum in cash.
- Overpayments by a customer.
- Absence of an obvious legitimate source of the funds.
- Movement of funds to and from overseas, particularly to and from a higher risk country.
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations.
- Cancellation or reversal of an earlier transaction.

4.5 Possible Signs of Money Laundering

The Money Laundering Regulations require us to carry out "Customer Due Diligence". Staff should therefore be alert to where Lichfield District Council may be targeted by individuals trying to launder the proceeds of crime and/or finance terrorist activity.

Staff should avoid alerting anyone dealing with Lichfield District Council that there is a suspicion that they may be attempting to launder, or have laundered, the proceeds of crime; and report any suspicions of money laundering to the Money Laundering Reporting Officer.

Training will be provided to all relevant staff regarding money laundering to assist them in their awareness of how money laundering could take place and the appropriate method of dealing with this. In effect, any areas where money changes hands could therefore be at risk of money laundering attempts, i.e. Application fees for taxi licences, planning applications etc.

The Council already has procedures in place to limit the amount of cash that it receives, with other payment methods being made available. To ensure however that the system is manageable, if a cash payment of less than £1,000 is received; no identification checks will be needed.

Where the £1,000 limit is exceeded, officers dealing with the matter will need to (1) establish the identity of the individual/company involved (2) seek advice from the MLRO (01543 308012) to ensure that the risk of receiving the proceeds of crime can be minimised.

For individuals, their passport or photo driving licence should be obtained, together with one of the following:

- Utility bills i.e. electricity, water etc. however mobile phone bills are not acceptable.
- Mortgage/building society/bank statements.
- Credit card statements.

- Official receipt of pension / benefit confirmation.

If a passport or photo driving licence is not available, then two of the other items listed above will need to be produced. These can be electronic verifiable format.

For companies, a Companies House search should be undertaken to confirm the existence of the company and identify who the directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. The name of the company, company number or other registration and address of the registered office and if different, principal place of business should be recorded. Care should be taken if it becomes clear that the individual has only recently become a director of the company or if there has been a recent change in the registered office.

For any other type of organisation, for example a sole trader or partnership, personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation. Where applicable identify the beneficial owners of the individual and assess the purpose and intended nature of the transaction.

Enhanced due diligence checks should take place and/or must be applied, in any transaction or business relationship involving a person established in a 'high risk third country', any transaction or business relationship involving a 'politically exposed person' (PEP) or a family member or known associate of a PEP and any other situation that presents a higher risk of money laundering or terrorist financing.

Simplified due diligence is permitted where it is determined that the business relationship or transaction presents a low risk of money laundering or terrorist financing, taking into account the risk assessment.

Customer due diligence measures will differ from case to case but most reflect the assessment of the level of risk in each particular case.

Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary. Records should be kept for 6 years after the end of the transaction.

4.6 Land/Property Transactions

The Council has in place procedures to identify customers when Council land or property is being sold without the involvement of independent legal advice. The procedures will require the Council to:

- Identify customers and verify their identity on the basis of documents from a reliable and approved source;

- Identify where applicable the beneficial owner (see below) and take adequate measures on a risk sensitive basis to verify their identity;

- Maintain records of all checks.

“Beneficial owners” are the individuals who ultimately own, control or have a legal interest in the asset or the person on whose behalf a transaction or activity is being conducted.

If satisfactory evidence of a customer’s identity cannot be obtained at the outset then the business transaction CANNOT proceed any further.

All personal data collected will be kept in accordance with the General Data Protection Regulations.

4.7 Procedure for Reporting Suspicious Transactions

Any suspicious transactions which staff may become aware of in the course of their work must be reported to the MLRO immediately using the Council's Internal Disclosure Form (see Appendix 2). Failure to make the appropriate report immediately will be regarded as gross misconduct and may result in dismissal without notice or pay in lieu of notice.

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 activity/ies.
- Whether the transactions have happened, are ongoing or are imminent.
- Where they took place (if applicable).
- How they were undertaken (if applicable).
- The (likely) amount of money/assets involved.
- Why, exactly, there are suspicions.

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

It is imperative, if staff have a suspicion concerning an individual or organisation with which they are dealing, that they do not alert them to that suspicion i.e. that no "tipping off" is done. Staff must, therefore, **not** make them aware that an internal disclosure report may be made. Once the report is made, the cash/cheques/other form of payment from this source should not be banked until clearance has been received from the MLRO. Such clearance may take up to seven days from the time when the initial report to the MLRO is made.

If the funds are banked in this period without getting clearance from the MLRO that staff members runs the risk of a fine and/ or imprisonment for up to 14 years.

4.8 Additional Guidance

If you require any additional information or guidance in relation to the contents of this policy and your responsibilities please contact the MLRO. An Aide Memoir has been prepared – Appendix 3, which can be used as a brief reminder to staff of their responsibilities.

4.9 Consideration of the Disclosure by the Money Laundering Reporting Officer

Upon receipt of a report, the MLRO must note the date thereof and acknowledge receipt. They should also advise you of the timescale within which they expects to respond to you.

The MLRO will consider the report and any other available internal information they think relevant e.g.

- 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;
- any identification evidence held;

The MLRO will also undertake other such reasonable inquiries that are appropriate in order to ensure that all available information is taken into account 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.

Once the MLRO has evaluated the 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
- there is a requirement to seek consent from the NCA for a particular transaction to proceed.

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 has 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).

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

In cases where legal professional privilege may apply, the MLRO must liaise with the Governance Manager (Monitoring Officer) to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

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.

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

All 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 six years.

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.

4.10 Training

Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training. In effect, any areas where money changes hands could therefore be at risk of money laundering attempts i.e. application fees for taxi licences, planning applications, etc.

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 themselves.

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.

4.11 Conclusions

The Council has put into place a number of arrangements to protect itself from the risk of money laundering. However in the current climate of change there are issues that will increase this risk. Changes in structure, changes in systems and the turnover of staff all contribute to our exposure to the risk of money laundering. To mitigate against this risk the Council will regularly review arrangements.

The Money Laundering Policy provides a framework for preventing and tackling money laundering acts against the Authority. The approval of the Policy by the Audit and Member Standards Committee and the Council, demonstrates the Council's commitment to protecting public funds. Having made this commitment, it is imperative that the MLRO puts in place arrangements for disseminating the Policy and promoting money laundering awareness, throughout the Council. The Council believes that this policy represents a proportionate response to the level of risk it faces from money laundering offences.

[Include all details of policy – it is likely you will need to include further sections/sub sections, and links to relevant appendices]

5. How it relates to/underpins our strategic ambitions

5.1 Our ambition and social value objectives are fully aligned with the Lichfield District 2050 strategy. The strategy seeks to meet both **confident and prosperous** part of the strategy by 2050.

a) **Confident communities** are places that are inclusive, resilient, and self-assured, where people take pride in their living environment, respecting and supporting one another regardless of background. A confident community is a cohesive, healthy, safe, prosperous, and happy place. It collectively tackles disadvantage, exclusion and powerlessness and strives to provide a high quality of life for everyone that lives there.
b) A **prosperous community** is one with economic wellbeing, where traditional and new business sectors succeed side by side and where innovation is commonplace and improves opportunity for all people and all areas of a place.

5.2 This will be achieved by the suite of robust counter fraud policies and procedures which allows for regular review and reporting of fraud matters in an open and transparent manner. This allows both residents and staff the ability to report concerns having the confidence that these reports are taken seriously and will be acted upon.

6. Related policies and procedures

The council is committed to developing and delivering services in a way that ensures it treats people fairly and promotes equality of opportunity and social cohesion within the wider community.

This policy aims to give the fairest outcomes to everyone regardless of race, gender reassignment, age, disability, pregnancy and maternity, religion or belief, sex or sexual orientation, marital or civil partnerships status and/or disability.

This policy has been subject to an Equality Impact Assessment to ensure that there is no discrimination in the way that it has been designed, developed or how it will be delivered and that, wherever possible, equality is promoted.

7. APPENDICES
Appendix 1

Role of the Money Laundering Report Officer – "MLRO"

The duties of the Money Laundering Reporting Officer are:

- To ensure that the Council complies with the requirements of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (and as amended) and the Proceeds of Crime Act 2002.

- To ensure that all relevant staff are aware of and comply with the Council's Anti-Money Laundering Policy.

- To ensure that the Council properly identifies all third parties dealing with the Council where there is a higher risk of the Council receiving the proceeds of crime and to ensure that copies of any documents taken as proof of evidence are kept on a central file by the Council.

- To ensure that all relevant staff receive training on how to identify, deal with and prevent money laundering.

- To ensure that all necessary disclosures to the National Crime Agency (NCA) are made and that they are made as soon as practically possible after the suspicion has been raised.

- To decide whether a suspicious transaction report requires a disclosure to be made to NCA.

- To liaise with NCA regarding the outcome of the disclosure and update staff accordingly.

Appendix 2

MONEY LAUNDERING – INTERNAL REPORTING FORM

Money laundering legislation requires all individuals within the Council to report any knowledge or suspicions that they might have of money laundering (as defined in the Proceeds of Crime Act 2002) to the Council's Money Laundering Reporting Officer. To assist individuals the following pro forma has been developed. Particular circumstances may require different information to be disclosed and this should be fully explained, if applicable.

Instructions for Completion

It is your legal duty and a requirement of your employment with Lichfield District Council that you report any suspicion concerning proceeds of crime to:

Money Laundering Reporting Officer

Lichfield District Council

District Council House

Frog Lane

Lichfield

Staffordshire

WS13 6YY

This should be marked **URGENT – **RESTRICTED** TO THE ADDRESSEE ONLY.**

You are also reminded that **"Tipping-Off"** is a criminal offence. You should therefore avoid discussing the content of this report with anyone other than the Money Laundering Reporting Officer.

Date of Report:		Date suspicion first aroused:	
Prepared by: Name & Dept:			
Disclosure Type:	(ie. Connections to crime/drugs/terrorism)		

Main Subject (Person)

Surname:		Forename(s):		Title:	
Date of Birth:					
Occupation:		Employer:			
Address: (in full)		Postcode:	Home/Business/ Registered	Current/Previous	

Or

Main Subject (Company)

Company Name:		Company No:	
		VAT No:	

Type of Business:			
Country of Reg:			

Address: (in full)	Postcode:	Home/Business/ Registered	Current/Previous

Bank Account Details

Account Name:		Sort Code:	
Opened:		Account No:	
Closed:		Balance:	

Other Information

Any information/evidence held to confirm identification and/or address, i.e. Passport/driving licence etc.:

Connected Subject Person (if any)

Surname:		Forename(s):		Title:	
Date of Birth:					
Occupation:		Employer:			
Address: (in full)		Postcode:	Home/Business/ Registered	Current/Previous	

Or

Connected Subject Company (if any)

Company Name:		Company No:	
Type of Business:		VAT No:	
Country of Reg:			

Address: (in full)	Postcode:	Home/Business/ Registered	Current/Previous

Bank Account Details

Account Name:		Sort Code:	
Opened:		Account No:	

Closed:		Balance:	

Other Information

Any information/evidence held to confirm identification and/or address, ie. Passport/driving licence etc:

Reason for the Suspicion

Please tick any or all of the following which might apply		
Drugs	Personal Tax Fraud	Vat Fraud
Crime	Company Tax Fraud	
Immigration	Tobacco/Alcohol Excise Fraud	
Following on from above, please set out the reason for the suspicion:		

Please continue on separate sheet if required
Names of all other colleagues (principals and staff) who have been involved in the case

Declaration

The above is an accurate account of the facts that are available to me at the time of making the report. If I become aware of additional and/or changes in the information provided I will disclose these to the Money Laundering Reporting Officer in a timely manner. I am aware of the risks and penalties regarding "tipping-off" or frustrating in any way an investigation of the above or related matters by the authorities.

Signed: _____Date: _____

Name in

Full:_____ Position: _____

For Completion by the MLRO

Date received	
Date acknowledged	
Unique case ref	
Are there reasonable grounds for suspecting money laundering activity?	
If yes, confirm date reported to NCA	

Is consent is required from the NCA to any on-going or imminent transactions which would otherwise be prohibited by the act? If yes, please confirm full details	
Date consent received from NCA	
Date consent given to employee for transaction to proceed	
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out the reasons for non disclosure	
Date consent given by you to the employee for transaction to proceed. Signed and dated	
This report to be retained for at least 6 years	

Appendix 3

MONEY LAUNDERING AVOIDANCE AIDE MEMOIR

1. No member of staff must accept cash of more than £1,000 from any member of the public.

2. If you are offered cash of more than £1,000 you should advise the person offering it to you that it is not Council policy to accept large amounts of cash of more than £1,000 and that you need to obtain guidance from a senior member of staff. You should then contact the Money Laundering Reporting Officer to obtain authorisation to take cash, if appropriate.

3. Any large cash sums should not be banked in the first instance. The Money Laundering Reporting Officer should be contacted to seek guidance as to how to deal with the funds. Forms to report the matter are included in the policy document at Appendix 2.

4. Whilst it is not acceptable to be suspicious of all cash based businesses, anyone whom you know to be associated with such a business should be dealt with using a higher degree of scepticism. If you have any reason to suspect the source of their funds then you should contact the Money Laundering Reporting Officer to discuss your concerns, even if the payment is not received in cash.

5. If you receive a complaint from a member of the public in relation to possible criminal activity being carried out by someone who may be a customer of the Council (i.e. a Council Tax or Business Rates payer, rent payer, licensee etc.) you must pass this on to the Money Laundering Reporting Officer.

6. For Land and property transactions where Council land or property is sold without the involvement of independent legal advice, customers' identity must be verified on the basis of documents from a reliable and approved source; and the beneficial owner identified. Adequate measures must be taken on a risk sensitive basis to verify their identity. If satisfactory evidence of a customer's identity at the outset cannot be obtained, then the business transaction CANNOT proceed any further.