

Policy Committee

20 October 2025



Reading
Borough Council

Working better with you

Title	Review of the Anti-Fraud, Bribery & Corruption Policy and Anti-Money Laundering Policy, and Adoption of a Fraud Sanction and Prosecution Policy
Purpose of the report	To make a decision
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report status	Public report
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ellie Emberson, Lead Councillor for Corporate Services & Resources
Corporate priority	Our Foundations
Recommendations	<p>The Committee is recommended to;</p> <ol style="list-style-type: none">1. Review and approve the Council's revised Anti-Fraud, Bribery and Corruption Policy. See Appendix A.2. Review and approve the Council's revised Anti-Money Laundering Policy. See Appendix B.3. Review and adopt a new Fraud Sanction and Prosecution Policy. See Appendix C.

1. Executive Summary

- 1.1 To present the Committee with the Council's updated **Anti-Fraud and Corruption Strategy** and **Anti-Money Laundering Policy** for review and approval. These revisions align with best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA), the National Audit Office, and the *Fighting Fraud and Corruption Locally Strategy 2020*¹.
- 1.2 To provide the Committee with the Council's newly developed **Fraud Sanction and Prosecution Policy**, also recommended by CIPFA and the *Fighting Fraud and Corruption Locally Strategy 2020*, for review, comment, and formal adoption.

¹ The "Fighting Fraud and Corruption Locally (FFCL) Strategy 2020" is a counter-fraud and corruption strategy specifically designed for local governments in the UK. It provides a framework for councils to coordinate their response to fraud and corruption, with a focus on prevention, detection, investigation, and recovery. The strategy emphasizes the importance of strong leadership commitment, collaboration, and the use of technology to enhance counter-fraud efforts.

2. Policy Context

2.1 Anti-Fraud, Bribery and Corruption Policy

- 2.1.1 The Council's Anti-Fraud, Bribery and Corruption Policy is designed to promote prevention, encourage detection, and establish a clear framework for investigation. It is supported by a Fraud Response Plan, which serves as a practical guide for all staff on how to report suspected fraudulent activity. The plan also outlines the process for conducting investigations and the actions to be taken where fraud is proven.
- 2.1.2 The revised policy, attached at Appendix A, has been updated to reflect the introduction of the new *Failure to Prevent Fraud* offence, which comes into force on 1 September 2025. Under the Economic Crime and Corporate Transparency Act 2023, large organisations may be held criminally liable if they fail to prevent fraud committed by employees or associated persons, unless they can demonstrate that reasonable fraud prevention procedures are in place.
- 2.1.3 This policy forms part of the Council's broader framework to safeguard against fraud and other forms of economic crime. It should be viewed alongside related policies and procedures addressing bribery, corruption, and money laundering.
- 2.1.4 Once adopted, this policy will replace the existing Anti-Fraud and Corruption Policy, which was originally introduced in March 2018 and subsequently reviewed as part of the Council's Financial Regulations.

2.2 Anti-Money Laundering Policy

- 2.2.1 While local authorities are not legally required to comply with the Money Laundering Regulations 2017, CIPFA guidance recommends that councils adopt the principles of the legislation, given its relevance to certain areas of local government activity. Accordingly, the Council has a responsibility to implement internal procedures aimed at preventing the misuse of its services for money laundering purposes.
- 2.2.2 The legislation places a duty on individuals to report suspected money laundering, such as suspicious cash payments, to the National Crime Agency. This report introduces an updated Anti-Money Laundering Policy, supported by practical guidance notes, to help staff recognise and respond to potentially suspicious transactions encountered in the course of their duties at Reading Borough Council. The policy outlines a clear process for reporting such concerns to a designated officer for assessment and, where appropriate, escalation to the relevant authorities.
- 2.2.3 Once approved, this updated policy will replace the existing version adopted in March 2018.

2.1 Fraud Sanction and Prosecution Policy

- 2.3.1 If the Council is to be effective in preventing and deterring fraud and corruption it is essential that it has in place a transparent response that reinforces the message that acts of fraud committed against the Council will be dealt with robustly.
- 2.3.2 The proposed Fraud Sanction and Prosecution Policy shows that fraud will not be tolerated and indicates how those who commit fraud against the Council can expect to be dealt with. The Policy also acts as a guide and procedural note on how and when certain sanctions might be applied and who key decision makers are. Legal Services, and key officers and members have been consulted with during the development of this policy.

2.4 Publication, Training and Awareness to Embed Policies

- 2.3.2 To maximise the deterrent effect of the proposed policy changes and new policies once they are adopted, they will be shared through publication on the Council's webpages and internal/external communications. Work will be undertaken to review and reference these policies in related documents such as financial regulations, induction, procurement process, etc. It is essential for the policies to be effective, and that staff are aware of them so that they understand the fraud risks in their service areas and how to deal with or report suspected fraud, bribery or money laundering.
- 2.3.3 We will need to make sure the Council's Fraud Sanction and Prosecution Policy is publicised and referenced across a number of service areas to ensure that the public, service users, customers and third parties that the Council works with are aware of the penalties that could apply in the event that fraud is identified. This will act as a deterrent and potentially prevent fraud taking place by visibly demonstrating the Council's stance on all fraud and corruption.
- 2.3.4 Training will be key to ensuring staff are aware of these policies and whilst the Corporate Investigations Team are already working with some service areas to deal with the risk of fraud and specific fraud awareness in those services. A corporate approach will also need to be taken.

3 Contribution to Strategic Aims

- 3.1 The maintenance of governance with the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance by ensuring effective management practices are in place. Therefore preventing loss, and by deterring others from committing fraudulent activity, helps to safeguard the Council's resources to be able to achieve the Corporate Plan priorities.

4 Environmental and Climate Implications

- 4.1 N/A

5 Community Engagement

- 5.1 N/A

6 Equality Implications

- 6.1 There are no equality issues arising from this report

7 Other Relevant Considerations

- 7.1 N/A

8 Legal Implications

- 8.1 Non-adherence to Anti-Fraud and Corruption Policies may facilitate serious financial and corporate governance weaknesses. It is a mandatory requirement that the Council adheres to the laws which are applied within the policy. i.e. Fraud Act, Bribery Act and the Theft Act etc. The Anti-Fraud, Bribery and Corruption Strategy is the umbrella document demonstrating the activities taking place to combat fraud and

corruption. Fraud and corruption exist in many formats and impacts (amongst other matters) upon the Council's finances, service delivery and our customers. A realistic Anti-Fraud, Bribery and Corruption Strategy helps to address all areas of prevention, detection and prosecution/sanction of potential and actual illegality.

- 8.2 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. Any person found guilty of a money laundering offence is liable for imprisonment (maximum of 14 years), a fine, or both however, an offence is not committed if the suspected money laundering activity is reported to the MLRO and, where necessary, official permission obtained to continue in the transaction.
- 8.3 The Failure to Prevent Fraud offence, introduced under the Economic Crime and Corporate Transparency Act 2023, imposes criminal liability on large organisations if they fail to prevent fraud committed by employees, agents, or subsidiaries intended to benefit the organisation. Coming into force on 1 September 2025, the offence shifts the burden onto organisations to demonstrate they had reasonable fraud prevention procedures in place. Failure to do so could result in prosecution, significant fines, and reputational damage. This law mirrors the approach taken with the UK Bribery Act and aims to foster a stronger anti-fraud culture across the corporate sector.

9 Financial Implications

There is no direct financial implication arising from this report

10 Timetable for Implementation

- 10.1 N/A

11 Background Papers

N/A

Appendices

- A. Anti-Fraud, Bribery and Corruption Policy.
- B. Anti-Money Laundering Policy.
- C. Fraud Sanction and Prosecution Policy.