

Annex C
PAPER ON RAISING AWARENESS OF ASSET FREEZING
FOR MEETING OF LOCAL AUTHORITY REPRESENTATIVES
ON 21 OCTOBER 2009

Purpose of today's session

In today's session we aim to do the following:

- To provide an initial awareness raising opportunity about asset freezing legislation and how it might affect local authorities (and to give you a chance to ask questions);
- To give you an opportunity to see and offer feedback on a draft fact sheet that HM Treasury plans to issue to local authorities explaining the effect of asset freezing legislation on them (attached);
- To let you know about a Seminar HM Treasury plans to run on 27 November 2009 to explain asset freezing in more detail, and to offer the opportunity to express an interest in attending any future Seminars.

Background

2. The Treasury's Asset Freezing Unit (AFU) deals with all issues relating to individuals or entities whose assets have been frozen (either at United Nations or European Community level or under the UK's domestic Terrorism legislation). A list of individuals/entities whose assets have been frozen is maintained on the HM Treasury website at http://www.hm-treasury.gov.uk/fin_sanctions_index.htm. HM Treasury's website also includes details of all the current financial sanctions regimes and the legislation applicable to each regime.

The effects

3. The effect of an individual being listed is that any funds or economic resources owned, held or controlled by a listed person will be frozen and it is an offence for any person to deal with these funds or economic resources. It is also an offence for anyone to make funds or economic resources available to them, or for their benefit (whether directly or indirectly), without a licence from HM Treasury. Funds or economic resources would include payment by a local authority of benefits such as Housing Benefit or Council Tax Benefit, or any other emergency or other payments to a listed person.

How this might affect a local authority

4. The effects of an asset freeze apply to payments and financial benefits made both directly to an individual, as well as indirectly. Indirect payments cover those made into a household containing a listed person, which provide an indirect benefit to him or her. It is a criminal offence to fail to comply with asset freezing legislation. All institutions, including local authorities, are

responsible for putting procedures in place to comply with the legislation. This will include applying to the AFU for a licence dis-applying the prohibitions in the legislation before benefits of any kind are payable to (or for the benefit of) a listed person.

Seminar on 27 November

5. HM Treasury is planning to hold a Seminar on 27 November for those local authorities in areas where listed individuals are known to be living. Invitations to this Seminar will be sent in due course to the relevant local authorities. We would also welcome expressions of interest from any other authorities that would like an opportunity to gain more information about asset freezing. Depending on the feedback from the first Seminar and any expressions of interest received, future events will be considered for 2010.

Asset Freezing Unit
HM Treasury
30 September 2009

FACT SHEET FOR LOCAL AUTHORITIES

Background

The Treasury's Asset Freezing Unit ("AFU") deals with all issues relating to individuals or entities whose assets have been frozen (either at United Nations or European Community level or under the UK's domestic Terrorism legislation). To find out more please check out the list of individuals/entities on the HM Treasury website at:

http://www.hm-treasury.gov.uk/fin_sanctions_index.htm.

In every case, the effect of being listed is twofold.

- First, all funds and economic resources owned, held or controlled by a listed person will be frozen and it is an offence for any person to deal with those funds and economic resources.
- Second, it is an offence for anyone to make funds or economic resources available to the listed person, or for their benefit (whether directly or indirectly), without a licence from HM Treasury.

For local authorities, it is the second of these effects that will be of greatest relevance.

Legal

The Orders currently governing asset freezing in the UK are the Terrorism (United Nations Measures) Order 2009 and the Al-Qaida and Taliban Order (United Nations Measures) Order 2006 as well as the corresponding European Community Regulations. In addition, some individuals living in the UK are subject to Country Sanctions implemented by the UN or EC. These include individuals connected with regimes such as Burma/Myanmar, Liberia and Zimbabwe. Details of all the current financial sanctions regimes and the legislation applicable for those regimes are available on the HM Treasury website. The list of individuals/entities whose assets have been frozen indicates which regime each individual/entity is subject to.

Household Benefits Policy

Given that income within a family household is normally pooled, the Government has taken the view that payments to a cohabiting spouse of welfare benefits would be, indirectly, for the benefit of the listed person. Therefore local authorities are prohibited from making such payments into a household of a listed person without a licence from HM Treasury.

What this means for local authorities

Before a local authority may pay benefits of any kind to (or for the benefit of) a listed person, the local authority must apply to the AFU for a licence dis-applying the prohibitions in the legislation. Where possible we will start the

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process for issuing a licence as soon as an individual is listed. In other cases, we rely on the local authority to inform us (eg when someone moves into an area and claims for the first time). We are happy to be given information by email, fax or letter. When communicating with us, you should include as much detail of the individual concerned and of the benefits being claimed and requiring a licence for their payment.

What we can do for local authorities

We aim to issue a licence on the day a person is listed but this may not always be possible (eg if we do not know at that stage where the listed person will be living).

If we know or believe that a listed person is living in your area, we will contact you at the earliest possibility with the following information:

Name of listed person

Use of any aliases

National Insurance Number

Address

Date of Birth

If known:

Name of spouse or partner

National Insurance Number for the spouse or partner

Date of Birth of spouse or partner

The passportable benefit that we believe means they (or others in the household) may be in receipt of Housing Benefit/Local Housing Allowance or Council Tax Benefit.

In all cases we aim to issue a licence to the local authority dis-applying the prohibitions in the legislation as soon as possible after listing or benefit claims are made so that the local authority may pay any validly claimed Housing Benefit/Local Housing Allowance and Council Tax benefit to the listed person (or others in the household) or any other emergency payments. As part of the conditions in the licence, we will normally require that any housing benefit payments are made direct to the relevant landlord and Council Tax benefit is paid by a reduction to or credit against a council tax bill. If these conditions cause any problems we are happy to discuss the most suitable way forward on a case-by-case basis.

What we need from local authorities?

When you receive a notification from us as detailed above, we need you to confirm as soon as possible that you have received the email with the notification about a listed person and, where we have not issued a licence already, that any benefits to which the household is entitled have been suspended, pending the issue of a licence. A prompt response is important both to assure us of the operation of the asset freeze and to enable any licensing issues to be addressed with minimum disruption to the individual

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concerned. We are happy to be contacted by e-mail fax, phone or any combination of these.

It is important that authorities do not make any payments direct to the household without a licence, as this constitutes a breach of the legislation.

Follow up

We are happy to discuss any aspect of the matters set out in this fact sheet, or any other questions/concerns/issues. Please contact the Asset Freezing Unit at HM Treasury: contact details below.