

Report of: Assistant Chief Executive - Citizens and Communities

Report to: Executive Board

Date: 25 June 2014

Subject: Illegal Money Lending Team, Progress Report

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| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Summary of main issues

1. The national Illegal Money Lending Team (IMLT) is run by Birmingham City Council Trading Standards department. It has been operating in the Leeds area since 2007, working alongside the Council and partners as part of the Council's overall financial inclusion strategy.
2. In March 2011 the Executive Board agreed to extend the authority to Birmingham City Council to continue operating within the Leeds boundary until March 2015. The Executive Board also agreed to receive annual progress reports and this is the third report – the first was considered by the Executive Board on 11 April 2012 and the second on 19 June 2013 as part of the wider Welfare Benefits and Poverty report.
3. This report provides information on developments that have been taking place over the last year.
4. The report also seeks agreement to extend the authority to Birmingham City Council to continue operating within the Leeds boundary until March 2019.

Recommendations

Executive Board is asked to:

5. Note the report and continue to receive annual reports on the activities of the Illegal Money Lending Team within the Leeds city area.
6. That the authority delegated to Birmingham City Council to undertake investigations and institute proceedings against illegal money lenders operating within the Leeds district, be extended from March 2015 to 31 March 2019

1. Purpose of the report

This report provides information on activities of the Illegal Money Lending Team within Leeds, together with an updated action plan.

2. Background information

- 2.1 This report deals with the illegal money lending market perpetrated by individuals who are more commonly referred to as “Loan Sharks”. It provides an annual report of the work of the Birmingham based Illegal Money Lending Team.
- 2.2 The Birmingham Illegal Money Lending Team was established in 2004 as a pilot project, one of two in Great Britain; the other pilot area being Glasgow. The project was extended to Leeds in 2007, prior to the national rollout. The remit of the team is to investigate illegal money lending activity and establish if a problem exists and, if so, bring to justice those persons carrying on this activity.
- 2.3 The current partnership arrangement between West Yorkshire Joint Services and Birmingham City Council Trading Standards is to provide, at no cost to the five West Yorkshire districts, a nationally funded specialist ‘loan sharks’ enforcement team. The specialist Birmingham team operates a 24 hour dedicated, confidential hotline for consumers to report loan sharks. It investigates complaints about illegal money lending and takes enforcement action where there is sufficient evidence. It also provides a network of Financial Inclusion Project Officers who work within the regions to support local financial inclusion initiatives.

3. Main issues

3.1 Key National Statistics

Nationally, across the seven Illegal Money Lending Teams in operation:

- 310 prosecutions for illegal money lending have been secured, resulting in prison sentences totalling 195 years.
- Helped over 23,000 victims of loan sharks including the most hard to reach individuals
- £42 million worth of illegal debt has been written off.
- An estimated 310,000 households are borrowing from illegal money lenders
- The highest interest charged by a loan shark was calculated at 131,000% APR.
- Nearly 14,000 staff at frontline agencies across the country have been trained to spot a loan shark, in order to help support and signpost any clients who fall victim. (94% say the training will impact on their day to day role)
- In 2013, 100 arrests were made in 64 warrants and 50 prosecutions were secured.
- £700m a year is being paid to loan sharks

The national Illegal Money Lending Team does not compile statistics on a regional or district basis and therefore it is not possible to obtain statistics for the Leeds district area.

3.2 Work in Leeds

This year Illegal Lending has been subject of a scrutiny investigation by the Safer and Stronger Scrutiny Board. The main aspect of this investigation was to help develop a more comprehensive communication programme to support the IMLT. The investigation has resulted in a number of important recommendations. Through the scrutiny board process key officers from different departments have been engaged – giving IMLT high level support in important areas including Children’s Services, Community Safety, Adult Social Care and Public Health. This gives IMLT the ability to reach more residents with information

about the confidential hotline number and also to promote the awareness and prevention message.

- 3.3 The scrutiny panel working group produced several recommendations and these were ratified at the Scrutiny Panel on 10 March where representatives from a range of directorates were asked to attend. The scrutiny Chair will be requesting regular updates relating to each recommendation.
- 3.4 **Recommendation 1**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Head of Communications and Engagement and the local Illegal Money Lending Team LIASE Officer to develop a marketing communications plan to complement the existing High Cost Lending marketing campaign. This plan will sit alongside the Illegal Money Lending Team Leeds Action Plan and be revised on an annual basis.
- 3.5 **Recommendation 2**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Financial Inclusion Team, Advice Leeds and appropriate Directorates, to develop a comprehensive training toolkit aimed at up-skilling frontline staff to enable them to have the knowledge and capacity to detect those individuals in financial crisis and signpost them to appropriate support and advice services.
- 3.6 **Recommendation 3**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Director of Public Health and Director of Adult Social Care to explore how best to raise the profile of tackling legal and illegal lending amongst frontline staff within the health and social care sector and equip them with the knowledge and capacity to detect vulnerable individuals in financial crisis and signpost them to appropriate support and advice services.
- 3.7 **Recommendation 4**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Director of Children's Services to determine an appropriate route for promoting the education package developed by the Illegal Money Lending Team into Leeds Schools.
- 3.8 **Recommendation 5**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Chair of the Member Development Working Group to explore how best to deliver training to Elected Members to enable them to have the knowledge and capacity to detect those individuals in financial crisis and signpost them to appropriate support and advice services
- 3.9 **Recommendation 6**
That the Assistant Chief Executive (Citizens and Communities) works closely with the Financial Inclusion Team and the Director of Children's Services in promoting greater awareness in local secondary schools of the services provided by the Credit Union.
- 3.10 The Assistant Chief Executive (Citizens and Communities) has welcomed these recommendations as they help to complement the ongoing work of the Directorate in working to tackle the problems brought about by poverty in the city. Meetings have been held between officers across appropriate directorates and work associated with these recommendations has commenced, in particular, relating to the development of a communications plan and looking at how information about illegal lending can be disseminated in schools. This work will continue in order to develop comprehensive communications across the council and with partner organisations.

3.11 **Enforcement**

The IMLT are looking at several cases in Leeds currently and there have been two separate warrants executed in the last year with two individuals charged, and two on bail pending further investigations. One individual has pleaded guilty to illegal money lending while the other defendant in the case has pleaded not guilty to illegal money lending and other charges and there is a Crown Court Trial date set for 9 June.

- 3.12 It is often the case that more information about different lenders in local areas comes in to the hotline after successful prosecutions and IMLT are planning, with the Council's Corporate Communications team and West Yorkshire Police, a concentrated campaign after conviction in order to try and encourage local residents to pass on more information. If communities and individuals start to believe that successful action will be taken against loan sharks then they are much more likely to report it. IMLT hope to use an anonymised case study of a victim of Illegal Lending in Leeds who has a powerful story to tell which has a positive ending.
- 3.13 Throughout 2013-2014, IMLT have continued to work with trusted partners in Leeds to promote the confidential hotline as well as the key message of avoiding illegal lenders and using local alternatives like Leeds City Credit Union. This work has involved staff training and briefings, targeting local areas with a flood of publicity and working with voluntary sector groups in order to target specific communities, both geographical and with certain characteristics.
- 3.14 IMLT have also been working with West Yorkshire Police across the whole of West Yorkshire including Leeds, to help promote the hotline but also to examine if some other criminal activity is related to illegal lending. The updated action plan is attached at Appendix 1.
- 3.15 The current arrangement which authorises Birmingham City Council to operate within the Leeds boundary is due to expire on 31 March 2015. The work of the team has become embedded within the overall financial inclusion work of the Council and partners and is complementary to the strategy. There has been some success in prosecuting perpetrators of illegal lending but partners believe that there is more to be done to seek out illegal lenders. Therefore, this report seeks to extend the authority to Birmingham City Council to operate within the Leeds boundary for a further 4 years from 1 April 2015 to 31 March 2019. This is on the proviso that nothing comes to light between the agreement of this report and the end of March 2015 which might bring into question the extension agreement. More details of the legal background to this process can be found in the report entitled "The Illegal Money Lending Project - Tackling Loan Sharks" which was agreed by Leeds City Council Executive Board on 30 March 2011.

Educational packs in schools

- 3.16 School children in England are to have lessons warning them against using loan sharks. The IMLT is offering educational packs, which include videos, and have been funded by confiscated money from convicted loan sharks. More than 2,500 primary and secondary schools across the country have already expressed an interest.
- 3.17 A school in west London has been trialling the lessons, which have been developed to raise awareness about the dangers of loan sharks and help children manage their money wisely. The benefits of the classes could be two-fold. In addition to the children developing knowledge themselves, when they go home they will inevitably talk about this to parents who will hopefully gain this knowledge and in turn make alternative decisions for themselves.

3.18 Discussions are taking place regarding the most appropriate route for promoting the education pack into Leeds schools as outlined in Recommendation 4 above.

4. Corporate Considerations

4.1 Consultation and Engagement

Discussions have been undertaken with numerous partners including Neighbourhood Policing Teams, Social Landlords, health and social care professionals, advice agencies and community groups. Partners are kept updated on all IMLT activity via the Financial Inclusion Steering Group, which meets at regular intervals.

4.2 Equality and Diversity / Cohesion and Integration

An equality impact assessment is not relevant as this is an annual progress report for noting and not for decision or a policy document.

4.3 Council policies and City Priorities

The work of the Illegal Money Lending Team forms part of the Council's strategic policy to tackle financial exclusion in the city. It therefore contributes to a number of the City Priorities as part of the identified financial inclusion actions. This impacts on the Sustainable Economy and Culture Plan, the Health and Wellbeing Plan and the Children and Young Persons Plan (through the Child Poverty Strategy). This work also links to the new Best Council Plan objective on Supporting Communities and tackling poverty – priority: helping people out of financial hardship and into work.

4.4 Resources and value for money

There is no cost to Leeds City Council as the Birmingham team is funded by Government.

4.5 Legal Implications, Access to Information and Call In

There are no legal implications for the Council regarding the recommendations in this report, the information contained in the report is open to the public and although the report recommendation is to note progress it could be called in if deemed appropriate.

4.6 Risk Management

There are no identified risks associated with the issues under consideration.

5. Conclusions

The national Illegal Money Lending Team has been operating since 2004 and in Leeds since 2007. It has had considerable success across the country in prosecuting offenders and details are provided in this report.

6. Recommendations

1. Executive Board is asked to note the report and continue to receive annual reports on the activities of the Illegal Money Lending Team within the Leeds city area.

2. That the authority delegated to Birmingham City Council to undertake investigations and institute proceedings against illegal money lenders operating within the Leeds district, be extended from March 2015 to 31 March 2019.

7. Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

APPENDIX 1

National Illegal Money Lending Team (IMLT) - updated Leeds Action Plan March 2013

| | Action | Timescale |
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| <p>Police</p> <p>Ongoing work with West Yorkshire Police to embed work of IMLT in their processes.</p> | <ul style="list-style-type: none"> • All 47 NPT teams across the region to be fully briefed and have a toolkit to identify and report IML • Joint communications campaign planned for October 2013 highlighting IML • Work with intelligence analysts to ensure that information is identified and passed on as efficiently as possible • Police and Crime Commissioner to be fully briefed in person on issue • Work with Leeds Divisional Intelligence team and POCA team on identifying and tackling cases • Input into joint Police and Community Safety initiatives including Operation Champion and Operation Confidence across city. | <p>Ongoing</p> <p>October 2013</p> <p>March 2013</p> <p>March 2013</p> <p>Ongoing</p> <p>Ongoing</p> |
| <p>Leeds City Council</p> | <ul style="list-style-type: none"> • Ongoing work with new combined Public Health team to continue to promote IMLT in city; • Life Channel – information and video in all surgeries across Leeds on TV • Frontline Worker Briefings – continue joint events with partners from advice, credit union and WYJS to offer information about local services tackling financial exclusion across city after successful events in West Leeds in October 2012 • Contribute to Public Health led Opportunity Knox events across city providing info on managing money, training opportunities etc across the city | <p>Ongoing</p> <p>March/April 2013</p> <p>Ongoing</p> |

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| | <ul style="list-style-type: none"> • Neighbourhood Management Team – continue to work jointly to promote IML ahead of welfare reform - - initial day of action organised on 11 March 2011 in Richmond Hill area with Police and East North East Homes • Community Safety Co-ordinators – continue to promote our project through work done by this team • Leeds Pubwatch – continue to distribute beer mats and brief Pubwatch meetings • Corporate Intelligence Team – continue to target our work by using data supplied • Financial Inclusion Team – continue to work in partnership on wider Financial Inclusion agenda. Disseminate information through steering group meetings and mailing list | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> |
| <p>Housing</p> <p>Joint Housing Leeds campaign –</p> <p>Engage other providers of Social Housing in City</p> | <ul style="list-style-type: none"> • Representatives from the former 3 ALMOs have formed a small sub group to ensure that co-ordinated work with IMLT is consistent throughout the city and is embedded into work done on Welfare Reform. • Continue to provide briefing and training for staff and as information to tenants through a variety of channels • Work being done with Yorkshire Housing, Connect, Affinity Sutton, Sanctuary, Unity and Leeds Federated Housing to promote IMLT to tenants and staff | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> |
| West Yorkshire Trading Standards | <ul style="list-style-type: none"> • Joint work on a variety of projects including SAFER project (protecting Leeds residents against Scams and Frauds) and Barclays Money Skills (providing financial education to hard to reach and young people) | Ongoing |
| POCA (Proceeds of Crime) | <ul style="list-style-type: none"> • £3000 of money taken from Loan Sharks made available for organisations | April 2013 onwards |

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| Money) | <p>to bid for in Leeds and residents given the opportunity to vote online and in person at event in Bramley on 28th February 2013 . 10 bids were received and 4 organisations were funded at £750 each. The winning organisations were Leeds Refugee Forum, Mencap, Breeze Leeds and Cow Close Community Centre. All will be running projects for their clients promoting IMLT in different ways.</p> <ul style="list-style-type: none"> • Venue and drama group funded for East and West Leeds Debt Forum Joint AGM on 21 March at Carriageworks which will also feature contributions from Cllr Peter Gruen, Leeds CAB and Leeds City Credit Union. | 21 March 2013 |
| Local and Third Sector Group engagement | <ul style="list-style-type: none"> • West Leeds Debt Forum – “Feeling the Pinch” campaign. Involvement in planning and supporting this campaign to ensure that as many residents of the area as possible have knowledge of local service that can help with debt, benefits, food, clothes etc • Variety of briefing session for local children’s centres, charities etc | |