

**Report of:** Assistant Chief Executive - Citizens and Communities

**Report to:** Executive Board

**Date:** 15 July 2015

**Subject:** Illegal Money Lending Team, Progress Report

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

### 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 June 2014 the Executive Board agreed to extend the authority to Birmingham City Council to continue operating within the Leeds boundary until 31 March 2019. The Executive Board also agreed to receive annual progress reports on the work of the IMLT..
3. This report provides information on developments that have been taking place over the last year.

### Recommendations

Executive Board is asked to:

4. Note the report and the Illegal Money Lending Team Action Plan set out in appendix 1 and asks the Assistant Chief Executive (Citizens and Communities) to monitor IMLT progress against the plan and prepare a further annual report in 12 months time on the activities of the Illegal Money Lending Team within the Leeds city area.

## 1. Purpose of the report

This report provides information on activities of the Illegal Money Lending Team (IMLT) 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 that has been taking place in Leeds.
- 2.2 The Birmingham based IMLT 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.

### Main issues

## 3.1 Key National Statistics

Nationally, the seven IMLTs in operation in the UK have:

- Written off over **£64 million** of illegal debts (money victims would have paid back to illegal lenders if the Department had not acted)
- Taken over **329** prosecutions
- Secured prison sentencing totalling over **214** years and also one sentence of indefinite length
- Assisted over **25,000** victims, including showing them other sources of financial support
- Trained over **24,000** front line staff to spot the signs of illegal lenders

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

## 3.2 Work in Leeds

In 2014 the work of the IMLT was the 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, which are listed below. Six recommendations were made in total – four of which have now been achieved – two have not yet been fully implemented and will continue to be monitored, but work is progressing well.

- 3.3 The actions taken to date as a result of the recommendations made by Scrutiny Board can be summarised as follows:

- There are plans to replicate the successful Facebook advertising campaign undertaken by the LCC Communications team
- A video has been produced of a recent case where the witness was willing to discuss his experiences of dealing with a loan shark
- Action days targeted in the most deprived communities and those with anecdotal evidence of illegal lending currently being planned
- Information on IML hotline and Money Information Centre (MIC) to be displayed on plasma screens in schools if possible
- Family Support Workers to be briefed at team meetings in order to spot issues with parents
- Information to parents available through schools in printed format to be distributed
- Also work in progress with West Yorkshire Police to involve their Youth Explorer schemes in a joint piece of work about IML and Scams and Frauds targeting older people

- Briefings have been delivered at headteachers forums
- Public Health have produced a comprehensive training resource to equip staff and assist them in understanding and promoting better understanding of financial issues faced by citizens
- Work has taken place in collaboration with Public Health to develop frontline worker briefing sessions. The sessions also feature up to date information on advice provision, credit union services, food aid network and the scams and frauds project
- Frontline staff have now been briefed within Housing Leeds and the sessions will be rolled out across the Council – including Public Health, Adult Social Care and Children’s Services
- School Councils to be approached by Leeds Youth Parliament to design relevant messages for students and parents
- Session for elected members planned – work is now taking place to ascertain the best way of ensuring as many Members as possible can attend the session.
- LCCU have obtained funding to produce an automated IT based accounting system for schools savings club work. This will assist in enabling schools savings clubs to be delivered with less need for detailed involvement from school staff therefore making the project more attractive to schools

### **3.3 Enforcement**

A video has now been shot of a witness relating to a case prosecuted in July 2014, telling his story of how he became involved with borrowing from illegal lenders, the horrors that followed and how Leeds City Council and the Illegal Money Lending Team worked together to turn his family’s life around. The video will be used to promote the hotline and as a good news story for partnership work.

There is to be a prime time Panorama programme broadcast about the IMLT this summer. This will feature previous footage from the Leeds witness although it is unlikely his location will be disclosed.

- 3.4 A major operation in Leeds resulted in the arrest and charging of two migrant workers involved in illegal lending to Filipino community members working in the care industry in the city. Both illegal lenders were sentenced in Leeds in March 2015. A report of the case from the Yorkshire Evening Post is attached as Appendix 2.
- 3.5 IMLT are currently working on a response to this crime to ensure that as many members of the Filipino community and those working in the care industry have other options for borrowing and are aware of how to report Illegal Lending. This case is reflective of other similar cases being identified nationwide. Work will also take place with the Migrant Access Project based in Adult Social Care and other providers of financial inclusion services in the city.
- 3.6 It is often the case that more information about different lenders in local areas comes into the hotline after successful prosecutions. IMLT have undertaken, with the Council’s Corporate Communications team and West Yorkshire Police, a concentrated campaign after any 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.
- 3.7 Over the past year 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 publicity and working with voluntary sector groups in order to target specific communities, both geographical and with certain characteristics.
- 3.8 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.

## **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 the Best Council Plan**

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. The work links to the 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 including a number of notable cases in the Leeds area..

### **6. Recommendations**

Executive Board is asked to note the report and the Illegal Money Lending Team Action Plan set out in appendix 1 and asks the Assistant Chief Executive (Citizens and Communities) to monitor IMLT progress against the plan and prepare a further annual report in 12 months time on the activities of the Illegal Money Lending Team within the Leeds city area.

### **7. Background documents<sup>1</sup>**

#### **7.1 None**

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<sup>1</sup> 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 May 2015**

	Action	Timescale
<b>Police</b>  Ongoing work with West Yorkshire Police to embed work of IMLT in their processes	<p>All 47 NPT teams have been briefed and have a toolkit to identify and report IML</p> <p>Continued work with West Yorkshire Police including joint intelligence work with Crime Prevention Lead</p> <p>Work with intelligence analysts to ensure that information is identified and passed on as efficiently as possible</p> <p>West Yorkshire Explorers – this course, which offers 75 young people from Leeds the opportunity to learn about a career in police and enforcement, has a joint input from SAFER (Scams and Fraud Education for Residents) project and Illegal Money Lending Team</p> <p>Six monthly webchats on West Yorkshire Police website aimed at public and well viewed with relevant questions asked</p> <p>Neighbourhood Watch Teams briefed</p> <p>Crimestoppers link (also with new youth brand Fearless developed)</p>	Ongoing
<b>Leeds City Council</b>	<p>Ongoing work with new combined Public Health team to continue to promote IMLT in city.</p> <p>Financial Inclusion Team – continue to work in partnership on wider Financial Inclusion agenda. Disseminate information through steering group meetings and mailing list</p>	Ongoing
<b>Housing</b>  Joint Housing Leeds campaign	<p>Frontline worker sessions bringing together the Illegal Money Lending Team, Leeds City Credit Union, Advice Providers, SAFER project (Scams and Frauds) and Leeds Food Aid network have been delivered to approximately 50% of workers from Housing Leeds.</p> <p>This is being supported by a range of action days in areas of the city that are likely to be affected by Illegal Lending which are being co-ordinated by Housing Leeds.</p>	Ongoing

Engage other providers of Social Housing in City	<p>Housing Leeds played a crucial role in an urgent rehouse of a witness suffering from threats and anti-social behaviour in October 2014 and have been a key partner in this work</p> <p>The frontline worker sessions will be rolled out to Children's Services and Adult Social care staff during 2015.</p>	Summer 2015 on
West Yorkshire Trading Standards	A full range of joint work with West Yorkshire Trading Standards, notably the consumer education team's financial fitness and SAFER projects - this has been delivered to frontline workers in the city, residents and particularly young people.	Ongoing
POCA (Proceeds of Crime Money)	Very little Proceeds of Crime money is available currently. Money that has been available has been used to provide publicity including leaflets, postcards and some pop up banners for the city.	
Local and Third Sector Group engagement	<p>Continued work with the three debt forums in Leeds – updates provided and training available to local groups.</p> <p>Joint work with Food Aid Network to ensure that all partners involved in food distribution have information about Illegal Lending and how to report and support those affected. FareShare distribute the 'Overcoming Financial Difficulty' leaflet in all food parcels.</p> <p>Accessibility – joint working with West Yorkshire Police's reading group to ensure that IMLT publicity is suitable for as many people as possible. Amendments to be made to help those from deaf, partially sighted and learning disability groups understand the publicity better.</p>	

## APPENDIX 2

### Yorkshire Evening Post article – March 2015

**A CARER who operated a loan shark business targeting “desperate and exceptionally vulnerable” people has been jailed.**

Georgina Balboa Serrato, 42, was sentenced to two-and-a-half years after a court heard how more than a quarter of a million pounds passed through her bank accounts during an eight year period.

A court heard one victim took out a £2,000 loan with Serrato in 2007 to send to her son in the Philippines who was suffering from cerebral palsy.

The woman ended up paying back over £11,000 and was still making payments at the time Serrato was arrested in 2013. Mother-of-two Serrato pleaded guilty to operating without a consumer credit license and two of money laundering at Leeds Crown Court. Serrato's husband Nestor, 42, pleaded guilty to money laundering. He allowed his wife to use his bank accounts during the illegal operation. He was given a ten-month sentence, suspended for two years, and ordered to do 200 hours unpaid work. Serrato, of Oak Tree Drive, Gipton, would target vulnerable members of the Filipino community which she met at meetings of people from her native country. Another victim ended up paying over £21,000 after taking out loans worth £3,500.

Serrato made arrangements with victims to pay back 10% of the loans per month but the capital was never reduced so they would go on making payments indefinitely.

On other occasions Serrato would entice victims by giving them jewellery and other expensive luxury items, including Louis Vuitton handbags. They would then have to make payments for them. Serrato worked as a carer throughout the period of offending. Judge Neil Clark said: *“It was a mean and unpleasant thing to do. You were taking money from people who were desperate.”*