

Report of Assistant Chief Executive (Citizens and Communities)

Report to Safer and Stronger Communities Scrutiny Board

Date: 9th September 2013

Subject: Illegal Money Lending Team – Annual Progress Report, March 2013

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 type="checkbox"/> Yes	<input checked="" 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 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 Councils 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 second report – the first was considered by the Executive Board on 11 April 2012.
3. This report provides information on developments and an updated action plan which has been developed by the Illegal Money Lending Team in conjunction with the Council and partners and is attached as an appendix.

1.0 Background information

- 1.1** This report deals with the illegal 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 and sets out an action plan for work to be undertaken to address this issue.
- 1.2** 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.
- 1.3** 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.

2 Main issues

2.1 Key National Statistics

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

- The Teams have written off almost £40 million of illegal debts (money victims would have paid back to illegal lenders if the Department had not acted)
- More than 220 prosecutions for illegal money lending have been secured, resulting in prison sentences totalling more than 150 years.
- Helped over 19,000 victims of loan sharks including the most hard to reach individuals
- 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.
- In 2012, 686 investigations into suspected illegal money lending activity were launched and 82 warrants were executed leading to 94 arrests.

2.2 Work in Leeds

- 2.2.1** The Loan Shark Team work closely with the Financial Inclusion Partnership in Leeds and links have been established with a wide number of organisations working in communities at risk of loan shark activity. One of the main problems faced by the team is a reluctance of residents to report loan shark activity. The provision of publicity material and delivery of presentations to front line staff, volunteers, young parents, tenants and residents is an important part of the awareness work to try to overcome this reluctance.
- 2.2.2** In addition to partners such as the credit union and debt advice agencies, Council service areas are fully aware of the need to report any potential loan shark activity. Services include the One Stop Centres, Corporate Debt Team, Library Services, Welfare Rights and Benefits sections. The Loan Shark Team regularly

attend and report to the Financial Inclusion Steering Group, which involves all Council service areas and partners who are engaged with financial inclusion work.

2.2.3 A range of work has been undertaken in Leeds to address Illegal Money Lending in 2012-2013.

This has been a combination of enforcement activity and educational work. The aim is to encourage those who are in the grip of Illegal Lenders to report any information in confidence to the dedicated hotline and to encourage residents not to borrow in the first instance and to use alternative lenders, such as Leeds City Credit Union, instead.

Key partners in the city have continued to provide excellent support and building productive relationships has been a key factor in obtaining results.

2.3 Enforcement

A joint operation was conducted with West Yorkshire Police during Proceeds of Crime Act (POCA) week in October and enquiries are continuing in relation to this operation in West Leeds. There were no arrests at the time of the operation but enquires are ongoing.

There was an operation in November 2012 in which an individual in the Pudsey area was arrested and cautioned.

An individual arrested in Harrogate in 2012 who was suspected of lending in Leeds received a caution in January 2013.

An individual was also arrested in Wakefield in April 2013 following a raid on his home. He admitted to acting as a loan shark for more than a decade and pleaded guilty to 11 offences of illegally lending cash and money laundering at Leeds Crown Court. He will be sentenced in May.

Work continues on information provided by members of the public anonymously and agencies in Leeds.

2.3.1 The team are currently working with West Yorkshire Police to further embed the message into their work and plan a joint campaign in October 2013. This is supported by Assistant Chief Constable Dodd. There has also been strong local support from local NPTs and the staff at Great George Street from West Yorkshire Police and Leeds City Council.

3.0 Targeted Education and Awareness Raising

3.1 Leeds City Council's Corporate Intelligence Unit have been able to run a list of postcodes through their MOSAIC system (data mapping system based upon social characteristics) which helps to assess which areas of the city may be most at risk of illegal lending.

3.2 Work has taken place with the three ALMOs on a joint project to ensure that all tenants have access to information on Illegal Lending and how to report it. This is a mixture of publicity targeted at tenants through text messages, newsletters, key local venues and also ensuring that all ALMO staff understand the issue and are able to assist tenants to report any information.

This is particularly relevant with existing and upcoming changes to the benefit system which may make borrowing from illegal lenders more tempting.

- 3.3 The team have been heavily involved in a joint campaign with West Leeds Debt Forum and a wide range of partners. The campaign is called "Feeling the Pinch?" and aims to provide information to residents about local services available to them. This has included a rolling programme of residents events as well as frontline worker briefing sessions. The frontline worker sessions were jointly delivered by Burley Lodge Advice Centre, Leeds City Credit Union and West Yorkshire Trading Standards. This campaign has been well supported by local media outlets including a radio station and Yorkshire Evening Post.
- 3.4 There is a minute long advert to be shown in GPs surgeries across Leeds in conjunction with NHS Leeds Health Improvement Team.
- 3.5 Work has also taken place with East Area Team based at Reginald Centre to target deprived communities and a week of action took place in Richmond Hill area on 11 March. The MOSAIC mapping has helped target this work.
- 3.6 Information has been distributed via Operation Confidence newsletter to 120,000 households in North East Leeds area and sessions delivered to Community Safety co-ordinators and neighbourhood managers. Work continues with Leeds Pubwatch and plans are in place to expand this to other areas of community safety.
- 3.7 £3,000 of Proceeds of Crime money is to be distributed to organisations in Leeds who have submitted bids to deliver a simple project promoting the message of the Loan Shark Team. On 28 February 2013 attendees of the Opportunity Knox event at Fairfield Community Centre, Bramley were asked to vote for their favourite project. The projects chosen and that were awarded money were:

Leeds Refugee Forum
Breeze Leeds
Cow Close Community Centre
Mencap

Aire FM attended the event and there was also press interest from the Yorkshire Post.
- 3.8 Targeted training and briefing sessions will continue to be delivered to organisations across the city including housing providers, health forums, tenancy support groups. This is ongoing and appears to be more popular as the new welfare reforms come closer to implementation.

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

	Action	Timescale
<p>Work With Police</p> <p>Ongoing work with West Yorkshire Police to embed work of IMLT in their processes.</p>	<p>All 47 NPT teams across the region to be fully briefed and have a toolkit to identify and report IML</p> <p>Joint communications campaign planned for October 2013 highlighting IML</p> <p>Work with intelligence analysts to ensure that information is identified and passed on as efficiently as possible</p> <p>Police and Crime Commissioner to be fully briefed in person on issue</p> <p>Work with Leeds Divisional Intelligence team and POCA (Proceeds of Crime Act) team on identifying and tackling cases</p> <p>Input into joint Police and Community Safety initiatives including Operation Champion and Operation Confidence across city.</p>	<p>Ongoing</p> <p>October 2013</p> <p>March 2013</p> <p>March 2013</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Work with Leeds City Council</p>	<p>Ongoing work with new combined Public Health team to continue to promote IMLT in city;</p> <p>Life Channel – information and video in all surgeries across Leeds on TV</p> <p>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</p> <p>Contribute to Public Health led Opportunity Knox events across city providing info on managing money, training opportunities etc across the city</p> <p>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</p>	<p>Ongoing</p> <p>March/April 2013</p> <p>Ongoing</p> <p>Ongoing</p>

	<p>with Police and East North East Homes</p> <p>Community Safety Co-ordinators – continue to promote the project through work done by this team</p> <p>Leeds Pubwatch – continue to distribute beer mats and brief Pubwatch meetings</p> <p>Corporate Intelligence Team – continue to target our work by using data supplied</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>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Work with Housing Social Landlords</p> <p>Engage other providers of Social Housing in City</p>	<p>Representatives from the 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.</p> <p>Continue to provide briefing and training for staff and information to tenants through a variety of channels</p> <p>Work being done with Yorkshire Housing, Connect, Affinity Sutton, Sanctuary, Unity and Leeds Federated Housing to promote IMLT to tenants and staff</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>West Yorkshire Trading Standards</p>	<p>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)</p>	<p>Ongoing</p>
<p>POCA (Proceeds of Crime Act) Money</p>	<p>£3,000 of money taken from Loan Sharks made available for organisations 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>	<p>April 2013 onwards</p>

	Venue and drama group funded for East and West Leeds Debt Forum Joint AGM on 21 st 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	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	