

Report of: Director of Communities and Environment

Report to: Executive Board

Date: 21 June 2017

Subject: Illegal Money Lending Team, Progress Report

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 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 progress reports on the work of the Illegal Money Lending Team.
3. This report provides information on developments that have been taking place since the last Executive Board report in July 2015.

Recommendations

Executive Board is asked to:

4. Note the report and the IMLT Action Plan set out in appendix 1 and request that the Director of Communities and Environment monitor Illegal Money Lending Team progress against the plan and prepare a further report in 12 months' time on the activities of Illegal Money Lending Team within Leeds.

1. Purpose of the report

This report provides an update on the activities of the national Illegal Money Lending Team (IMLT) within Leeds, together with an updated action plan.

2. Background information

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.

2.2 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. The teams are made up of specialist investigators and victim support officers from various backgrounds including trading standards, policing and debt advice.

2.3 During 2015 there was some uncertainty about future Government funding for the IMLT. In February 2016 the Treasury announced that future funding of the IMLT would be secured from a levy on payday lenders. This was a result of campaigning and support from partners and politicians. Leeds City Council was a prominent supporter through joint lobbying which focussed on the importance of the IMLT as a partner in the city's work on financial inclusion.

2.4 From 2018 the IMLT will come under the governance of the Treasury, and will be working more closely with the Financial Conduct Authority. Consideration is also being given to extending the scope of the team to include work around illegal pawn broking.

3. Main issues

3.1 In terms of the work carried out by the IMLT in Leeds the action plan attached at appendix one outlines all the activity currently underway. Key progress is outlined below;

3.1 **Reports of illegal lending activity** continue to come in relating to residents from all areas of the city. One case that came to court last year featured a 62 year old Leeds woman as the main witness - she had been lent money and threatened by a man who frequented casinos in Leeds and the North East of England – he received 38 months in prison and Proceeds of Crime order. Previously there has been a prosecution of a couple in Leeds who were active in lending and making a significant profit from migrant workers particularly in the care and nursing sectors. Other investigations are ongoing in Leeds but cannot be reported upon, due to operational and legal reasons, prior to charges being laid.

3.3.2 **Work has been undertaken with the West Yorkshire Police crime prevention team** to begin to scope the problem of illegal lending further in the region. Initial anonymous interviews with a number of prisoners at HMP Leeds prison hub suggested that Illegal Lending was prevalent in many deprived communities with single mothers particularly at risk.

Further investigation on this and the effects of lending in prisons, to prisoners upon release and their families is being funded by Proceeds of Crime Money. This work commenced in February 2017 and will be undertaken by Uservoice, a charity dedicated to giving offenders and ex-offenders a voice to address social concerns.

3.4 In addition, within the Government's Autumn statement it was announced that more money from **Proceeds of Crime would be allocated to Credit Unions** to build resilience through incentivising saving from Proceeds of Crime money. This has now commenced in Leeds in co-operation with Leeds Credit Union and Housing Leeds.

This project, using Proceeds of Crime money, is a new Credit Union savings scheme which offers council housing tenants in Leeds a cash boost in time for Christmas. In a bid to prevent the use of

illegal money lenders, the first 100 Housing Leeds tenants to join Leeds Credit Union and save regularly between now and November will receive a £25 boost to their savings.

3.4.1 **Training and briefings for frontline workers** have continued in the city for organisations which have workers that are likely to come across those vulnerable to illegal lending. Workers attending briefings come from a wide range of agencies including health, social prescribing, children's centres, housing, social care, those dealing with substance misuse, people trafficking, prisons and many others. This has on occasion been delivered specifically about and by the IMLT (to housing associations and charities for example) but more often in collaboration with key local partners from the advice sector, Leeds Credit Union, Financial Inclusion Team, Green Doctors, Affordable warmth, Money Buddies and the Food Aid Network. The sessions are tailored to meet the requirements of the service dependent on what is felt to be most relevant to the attendees of the session.

This training is unique to Leeds and has built strong partnerships and understanding between agencies and given workers a toolkit to help those with money issues.

3.4.2 **Responsibility for developing intelligence in local areas** has been shifted more to the regional representative of IMLT and partnerships with local agencies such as the debt forums. Local authority community teams, housing area teams and local debt forum members have been crucial in this and there are a number of pieces of intelligence in the city that are being worked on to see if there is scope for further enforcement action. These pieces of intelligence allow IMLT to focus their work further. Housing Leeds has been enthusiastically promoting IMLT during action days and campaigns and there are further campaigns planned. Education packs remain available for schools and colleges in the city.

3.6 **Other work with Leeds partners**

- Money Buddies will help clients report an illegal loan shark in a private and confidential environment
- Front line worker sessions have been delivered as described in this report.
- Leaflets and posters delivered to sheltered housing complex in Outer North West and Outer West Leeds
- Loan Shark advert included in Leeds Homes magazine for all Housing Leeds tenants
- Housing Leeds have distributed information at various events throughout the year and also delivered loan shark postcards in targeted areas on action days
- South East Debt Forum have launched a campaign to warn local residents of illegal money lending, targeting Middleton and Belle Isle
- Work planned in 2017-18 with Migrant Access Partnership to work with migrant communities in Leeds to help build financial resilience.

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 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. The Illegal Money Lending Team is an important partner in the work to tackle financial exclusion in the city.

6. Recommendations

- 6.1 Note the report and the IMLT Action Plan set out in appendix 1 and request that the Director of Communities and Environment monitor Illegal Money Lending Team progress against the plan and prepare a further report in 12 months' time on the activities of Illegal Money Lending Team within Leeds.

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) - Leeds Action Plan April 2017**

Aim - to work effectively with partners to tackle financial exclusion and inequality in Leeds. To provide information on the confidential hotline for those affected by Illegal Money Lending (IML) and disseminate preventative message of the dangers of IML and to promote services offering debt advice, budgeting and affordable credit and safe savings.

Partner Organisation	Action	Timescale
West Yorkshire Police and Community Safety	<p>Rolling briefings for Neighbourhood Police Teams in Leeds as part of West Yorkshire Police's pop up training scheme for officers.</p> <p>Regular intelligence trawls at force and district level to pick up intelligence on Illegal Lending in Leeds</p> <p>Work with intelligence analysts and local intelligence sharing networks (GAIN etc) to ensure that information is identified and passed on as efficiently as possible</p> <p>West Yorkshire Explorers – input into this course for young people considering a career in Police and related work</p> <p>Six monthly webchats on West Yorkshire Police website aimed at public.</p> <p>Link with Safer Leeds to develop interventions on Illegal Lending in the city</p>	Ongoing
Leeds City Council	<p>Financial Inclusion Team – continue to work in partnership on wider Financial Inclusion agenda. Disseminate information through steering group meetings and mailing list. Provide reports as directed to Executive Board and Scrutiny Panel. Link in with the new workstream on problem gambling being developed by the Financial Inclusion Team and other partners (see trends below).</p>	Ongoing

	<p>Public Health - continued work to link financial inclusion with improved health and well being across the city at neighbourhood level. Inner South area have recently publicised IMLT heavily within their health improvement work and this is to be continued in other areas.</p> <p>Frontline worker training - this rolling programme of training and briefing sessions includes inputs from Advice Leeds members, Leeds City Credit Union, Financial Inclusion Team, Food Aid Network, Money Buddies and IMLT to ensure workers from agencies working with clients in Housing, Health, Social Care understand financial exclusion and are able to make efficient, effective referrals to tackle it. Sessions are developed to suit attendees work roles and are delivered free.</p> <p>Housing Leeds have delivered a number of targeted action days in the most deprived areas of the city and are ensuring that teams tackling key issues like welfare changes are able to spot signs of IML and report them. A pilot scheme of Proceeds of Crime Money incentivising Credit Union Savings is running in West Leeds from 2016. This is to be expanded (see POCA below)</p> <p>Education Packs - Primary and Secondary versions are available to download from our website.</p> <p>Work with Communities Team in Communities and Environment Directorate to help support initiatives in the identified priority neighbourhoods.</p>	<p>Ongoing</p> <p>During 2017</p> <p>Summer 2017</p>
<p>Reaching out to Leeds residents</p>	<p>Ensuring that arrests, prosecutions and campaigns continue to be covered by local and regional media sources.</p> <p>Continue to highlight personal stories of local residents where appropriate to demonstrate the true cost of IML.</p> <p>Intervention Support Education. Utilise the new website www.stoploansharks.uk to promote clear concise information and to promote online reporting.</p> <p>Emphasis on equalities. Striving to break down barriers preventing protected groups from reporting IML.</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 made to help those from deaf, partially</p>	<p>Ongoing</p>

	sighted and learning disability groups understand the publicity better. The new website has used many of the recommendations from this group.	
POCA (Proceeds of Crime Money)	Enhanced scheme for 2017-2018 to channel Proceeds of Crime Money seized from Loan Sharks to incentivise credit union membership and regular saving to build financial resilience. Opportunity for organisations in Leeds to bid for Proceeds of Crime funding directly. Current round of funding now available with closing date of 30th June 2017.	
Identifying trends	Ongoing analysis of data from IMLT work has resulted in a number of trends amongst those who use IML. These include Gambling - a significant increase in borrowers reporting gambling issues. A 2016 case involving lending at a Leeds casino enabled us to feed information into the Leeds Beckett University study into problem gambling in Leeds. Discussions are ongoing with industry and regulatory partners to develop methods of promoting our hotline and website to gamblers. Hospitals - a steady increase in lending at hospitals and care homes particularly involving migrant communities. Use of illegal buyback and pawnbroking shops. These establishments often demand Passports as security and have a high proportion of financially excluded groups using them including many from migrant communities. Work planned in 2017-18 with Migrant Access Partnership to work with migrant communities in Leeds to help build financial resilience.	