

Report of: Director of Communities and Environment

Report to: Executive Board

Date: 27 June 2018

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 (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 progress reports on the work of the Illegal Money Lending Team (IMLT). This report provides information on developments that have been taking place since the last Executive Board report in June 2017.
3. As from 1 October 2015 the sections under Trading Standards legislation which gave the IMLT their powers were all repealed (under the Consumer Credit Act 1974). They have now been replaced by generic powers under the **Consumer Rights Act 2015 (Schedule 5)**. There is also provision in the legislation for teams such as IMLT otherwise known as area enforcers – the new legislation means that IMLT no longer need a protocol with a local authority to work in their area. Progress on the work of IMLT will continue to be reported.

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 IMLT progress against the plan and prepare a further report in 12 months' time on the activities of IMLT 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 out 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.

3.2 Over the past year IMLT have continued to work with Leeds City Council and a wide range of agencies across the city. The Financial Inclusion Team have acted as a conduit to other council departments as required and have ensured that the IMLT is integrated in the Council's policy agenda.

3.3 The IMLT is constantly monitoring and evaluating trends amongst those using their service. There have been a number of examples this year nationally in those identifying with a problem gambling issue; where migrant communities are involved; and a jump in owner occupiers involved in borrowing has been observed. In April this year the Treasury announced a 17% increase in funding for the IMLT in a generally tight spending climate. There is also a growing recognition of the involvement of Organised Crime groups in illegal lending as a lucrative method of laundering money.

3.4 Specific work in Leeds

Leeds Credit Union – During 2017/18 IMLT ran a successful pilot of incentivising new Christmas Club savers who saved for six months by providing a £25 bonus in November available for spending before Christmas. This is to be expanded across the city in 2018/19 and is being funded through Proceeds of Crime funding. In addition there is a guaranteed loan scheme funded again from Proceeds of Crime money which is able to underwrite loans to those who currently narrowly miss hitting the criteria for a loan under the Credit Union's standard criteria. IMLT will also be partnering with Street Games and LCU to work with established projects delivering Doorstep Sport and allow savings schemes to run at these events with incentives for young savers.

Money Buddies – IMLT have worked with and funded the Money Buddies initiative which provides volunteers who can help with a range of money and budgeting issues to residents across the city and targeting communities with the Stop Loan Shark message.

Debt Forums – Work continues with the neighbourhood debt forums – IMLT funding was made available to North Leeds Debt Forum to develop a successful Christmas spending event in Leeds City Centre in 2017 and it is planned to repeat this in 2018. A workshop was also delivered to the Debt Forum Annual conference.

Gambling work – Ongoing work with the Financial Inclusion team and with Victoria Gate casino who have linked with the investigative team to help spot any Illegal Lending that might be happening at the casino.

Regular contact with **Migrant Access Partnership** who are able to disseminate publicity and promote messages to communities affected by illegal money lending. IMLT were recently able to provide a video in Arabic and in Russian aimed at migrants from a range of Eastern European countries. There was a recent arrest in Morley where there had allegedly been lending to the Thai community.

Public Health – work has taken place with a range of partners, notably the South team who have promoted the Stop Loan Shark message in their area.

Links have also been made in **Inner East** with a variety of smaller voluntary groups. IMLT plan to work with Neighbourhood Improvement Partnerships in this area to influence their priorities to include financial wellbeing and to develop resilience amongst the community organisations to identify and prevent illegal lending.

Organised Crime – Recently IMLT have agreed to join the Silver Organised Crime group which is co-hosted by Safer Leeds and West Yorkshire Police. IMLT are planning to increase work in this area to ensure that all mutual intelligence is shared regarding illegal lending with a view to disrupting as much organised criminality as possible through joint work.

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 contributes to the Best Council Plan ambition of tackling poverty and reducing inequalities and Best City Priority of Safe, Strong Communities through;

- Keeping people safe from harm, protecting the most vulnerable.
- Helping people out of financial hardship.
- Tackling crime and anti-social behaviour.
- Being responsive to local needs, building thriving, resilient communities.
- Promoting community respect and resilience.

4.4 **Resources and value for money**

There is no cost to Leeds City Council as the Birmingham IMLT 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**

The contents of this report contributes to the corporate risk on Poverty in the city worsening.

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 2018/19

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
<p>West Yorkshire Police and Community Safety</p>	<p>Work planned in conjunction with Safer Leeds and West Yorkshire Police to develop understanding of the link between Organised Crime and Illegal Lending. Meeting held recently with Manager of IMLT and Safer Leeds to progress this. Further meeting planned in June 2018 to develop more actions on this. Membership of Silver OCG crime group which focuses on specific OCG groups active in the city with a view to disrupting their activity in conjunction with a wide range of partners.</p> <p>Further briefing of neighbourhood policing teams and identifying key teams within the Policing and Community Safety structure who are specifically relevant to Illegal Lending. Partners include Environmental Health, Licensing, Taxi Licensing.</p> <p>Refresh of joint social media and publicity campaigns utilising the reach of WYP and Safer Leeds to raise awareness further of IMLT amongst general public. This work to include liaison with West Yorkshire Police HQ at Wakefield.</p> <p>IMLT embedded officer to visit Force Intelligence Bureau and other intelligence hubs to discuss how best information is shared. Guidance on this to be provided by Safer Leeds.</p> <p>Active targeting via leaflet drops and briefing sessions for local partners and residents in areas where we have received intelligence of IML activity and in areas with high levels of deprivation.</p>	<p>Ongoing</p> <p>Summer 2018</p> <p>Summer/Autumn 2018</p>
<p>Leeds City Council</p>	<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. Continue to utilise rooms at Leeds Civic Hall as a safe space for those who have agreed to tell their stories and host local and national press to film and record them.</p> <p>Use of council owned Billboards to promote IMLT message. One of these has recently been on display in Armley and will return in September 2018.</p>	<p>Ongoing</p>

	<p>Personal stories of those helped by IMLT particularly local ones to be promoted as far as possible within communication channels including Leeds MIC and local media. Refresh action plan with LCC communications team to highlight these stories and other news about and relating to Illegal Lending.</p> <p>Work with Money Buddies and Christians Against Poverty (CAP) to promote IMLT awareness within their work. CAP are developing new guidance for their staff to actively report any IML issues and Money Buddies are focusing their work, with Proceeds of Crime Money, on the issue across the city.</p> <p>Intervention Support Education. Continue to utilise the new website www.stoploansharks.uk to promote clear concise information and to promote online reporting.</p> <p>Joint work with West Yorkshire Trading Standards. Enhance link with recently expanded SAFER project targeting Scams and Frauds to ensure any IMLT issues are picked up within this workstream as well as the new project targeting Financial Abuse. Meeting in June 2018 to progress this.</p>	
<p>POCA (Proceeds of Crime Money)</p>	<p>Enhanced scheme for 2018-2019 to channel Proceeds of Crime Money seized from Loan Sharks to incentivise credit union membership and regular saving to build financial resilience. This to be particularly focused around the Money Advice and Budgeting project which operates across the city.</p> <p>Leeds Credit Union to deliver an underwritten Proceeds of Crime funded loan scheme aimed at those who narrowly miss current lending criteria. This is one of a small number of projects nationwide and LCU were handpicked for this due to their reach and expertise.</p> <p>Opportunity for organisations in Leeds to bid for Proceeds of Crime funding directly. Current round of funding now available with closing date of 30 June 2018. Practical guidance and support provided to local partners within LCC and beyond to apply for Proceeds of Crime funding opportunities as effectively as possible</p>	<p>Summer 2018</p>
<p>Identifying trends</p>	<p>Ongoing analysis of data from IMLT work has resulted in a number of trends amongst those who use IML. These include:</p> <p>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. This work overlaps with the proactive Problem Gambling campaigns and sessions delivered by Leeds Financial Inclusion team</p>	

Hospitals - a steady increase in lending at hospitals and care homes particularly involving migrant communities. Awareness to be raised through local hospitals and in conjunction with Care Quality Commission to promote IMLT confidential hotline and Leeds Credit Union who have a payroll scheme for NHS workers.

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 with Migrant Access Partnership and third sector partners to raise awareness of IMLT and to promote Leeds Credit Union.

Prisons – more work with HMP Leeds, particularly to support families through the Prison Hub and visitors centre - ensuring that awareness of hotline and support services are promoted.