

**Report of the Director of City Development**

**Report to Executive Board**

**Date: 11 April 2012**

**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 Councils overall financial inclusion objectives.
2. In March last year 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 first such report.
3. This report provides information on developments and details of an action plan which has been developed by the Illegal Money Lending Team in conjunction with the Council and partners.

**Recommendations**

Executive Board is asked to;

4. note the report and continue to receive annual reports on the activities of the Illegal Money Lending Team within the Leeds city area
5. agree to support the action plan attached at Appendix 1.

## **1 Purpose of this report**

- 1.1 To update Members on activities of the Illegal Money Lending Team (Loan Shark Team) in Leeds.

## **2 Background information**

- 2.1 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.
- 2.2 In March 2011 the Executive Board agreed a report to extend existing delegations to Birmingham City Council, so that arrangements with the Illegal Money Lending Project (which is operating in partnership with West Yorkshire Trading Standards) could continue from March 2011 to 31 March 2015. This extended a previous delegation agreed by the Executive Board in September 2008.
- 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:

- Over 2,000 illegal money lenders have been identified.
- Over 525 illegal money lenders have been arrested.
- Over £38.8 million worth of illegal debts have been written off (money victims would have paid back to illegal money lenders if the team had not acted).
- More than 200 prosecutions have been secured, leading to custodial sentences in excess of 128 years (plus an indefinite sentence).
- The Project has helped over 18,000 victims of loan sharks including some of the most hard to reach individuals in communities.
- Over £1.5 million in cash has been seized.
- More than £27 million worth of assets are being investigated (under Proceeds of Crime legislation) with the intention of removing these from illegal money lenders.
- More than 750 victims have been referred to alternative affordable sources of financial support.

## 3.2 Work in Leeds

- 3.2.1 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.
- 3.2.2 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.
- 3.2.3 In Summer 2011 the Loan Shark Team decided to develop a new plan with partners in Leeds to include as many key partners as possible. This was due to the relative scarcity of information to the hotline from the city and the lack of a major prosecution.
- 3.2.4 The team worked closely with representatives of the three main social landlords in the city; East North East, West North West and Aire Valley Homes as well as a Police Inspector from a local area with high deprivation and crime. A high profile campaign was developed, including targeted training and publicity, in order to raise awareness of the loan shark team and the support available. This would aim to gain momentum and increase information about illegal money lending reported to the hotline.
- 3.2.4 Frontline housing staff and police were vital partners in capturing local and comprehensive information, so ongoing training for housing staff and initial briefings for Neighbourhood Policing Teams were set up. Local knowledge of partners was used to come up with other key agencies to be involved in the plan. These included Leeds City Credit Union, Advice Leeds (partnership of Leeds Advice Providers), Leeds City Council's Financial Inclusion Team and other local organisations who deal with vulnerable people in the City.
- 3.2.5 An action plan with timescales was developed and is attached as Appendix 1 to this report. Local champions were identified who could open doors and advocate for Stop Loan Sharks on behalf of the team.
- 3.2.6 In October 2011 illegal money lending was the focus in Seacroft as the team worked in partnership with Leeds Pubwatch, West Yorkshire Police and East North East Homes to promote the project to 800 households and over 20 licensed premises. The link up with Leeds Pubwatch has enabled dialogue with landlords at Pubwatch meetings and distribution of beer mats in deprived areas of the city.

3.2.7 The action plan will be refreshed on a monthly basis and the profile of the project will continue to be raised in the city. Stronger ties will be developed with partners, including the embedding of training at West Yorkshire Police headquarters and an upcoming link into all WYP intelligence through their newly centralized intelligence unit.

### 3.3 Investigations in Leeds

3.3.1 In 2007 two illegal lenders operating in the Seacroft area were successfully prosecuted for their illegal lending activities. They received a suspended sentence. The reason for this sentence was because they were operating as traditional doorstep lenders but were undertaking the lending without a consumer credit licence. This is illegal but they were not regarded as being typical of the potentially more violent elements normally associated with loan sharks.

3.3.2 Currently, investigations are being concluded into alleged illegal lending activities, primarily in the North East of the city, and a man has been arrested and is currently bailed pending further investigations until April 2012. No further information can be given at this stage because of the possibility of pending legal proceedings. There are also other ongoing investigations being undertaken within the city but no further information is available at the present time.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.3 Discussions have been undertaken with numerous partners including Neighbourhood Policing Teams, Social Landlords, health and social care professionals, advice agencies and community groups. The Action Plan attached in Appendix 1 provides further details of the engagement with a broad group of Council staff and partners.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 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**

4.3.1 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).

### **4.4 Resources and value for money**

4.4.1 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**

- 4.5.1 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**

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

## **5 Conclusions**

- 5.1 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.

The operation in Leeds has resulted in some limited success but no major cases have yet been prosecuted to conclusion. Therefore, the team has stepped up activity in Leeds and engaged with partners to develop a comprehensive action plan which is detailed in Appendix 1.

## **6 Recommendations**

- 6.1 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.
- agree to support the action plan attached at Appendix 1.

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

- 7.1 The Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006)  
Local Government Act 1972  
Local Government Act 2000  
Report to Executive Board entitled, 'Illegal Money Lending Project' dated 2nd September 2008  
Report to Executive Board entitled, 'The Illegal Money Lending Project - Tackling Loan Sharks' dated 30th March 2011  
Protocol for Illegal Money Lending Team Investigations

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<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.