

SAFER AND STRONGER COMMUNITIES SCRUTINY COMMITTEE

MONDAY 9 MAY 2011

TACKLING ILLEGAL MONEY LENDING PROGRESS REPORT

Report by John Jackson, Director of Social and Community Services

Introduction

1. Birmingham City Council operates an illegal money lending team funded by central Government. The purpose of this team is to investigate allegations of illegal money lending (loansharks), to establish whether illegal activity is taking place and, if so, to take enforcement action to bring that illegal activity to an end. Enforcement actions centre on the licensing requirements of the Consumer Credit Act 1974 which require anyone carrying on a consumer credit business (which includes anyone providing credit on a commercial basis) to have a licence to do so. Commonly those involved in unlicensed money lending are often also involved in more serious offending.
2. Alongside identifying and tackling illegal money lending, the Team also builds financial resilience within communities affected by loansharks. In doing so they are able to ensure communities have access to legitimate lending opportunities and financial support when loanshark activity ceases.
3. Oxfordshire County Council has entered into an agreement with Birmingham City Council to authorise the Illegal Money Lending Team to enforce the provisions of the Consumer Credit Act 1974 in Oxfordshire. The Illegal Money Lending Team commenced work in Oxfordshire in January 2010.

Exempt Information

4. None

Progress to Date

5. The focus of the Illegal Money Lending Team in its first year of operation in Oxfordshire was to raise awareness of the problems associated with loansharks and to raise awareness of the help that the Team can provide. A significant barrier to tackling loansharks is that their activity is often invisible to enforcement agencies. The Team operate by encouraging reporting of illegal activity, from the public and from partners who may become aware of loanshark activity or have suspicions that there is loanshark activity in a particular area. These reports are used to trigger investigations.

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6. Partners in particular play a key role in tackling loansharks since victims will often seek help or advice from existing community support groups (e.g. Citizen's Advice Bureaux). Fear of reprisal frequently makes victims reluctant to report loansharks themselves despite the confidential reporting facilities that the Team offer and the witness protection services that they can utilise. Therefore, initially the Team aims to raise partner organisations' awareness of the problems associated with loansharks, the warning signs and the reporting facilities in order to generate intelligence from third parties and also to encourage more reporting by victims.
7. The Illegal Money Lending Team and Oxfordshire Trading Standards Service coordinate activities but often operate independently within Oxfordshire. Regular communication takes place between the Trading Standards Service and the Illegal Money Lending Team to avoid duplication, maximise opportunities and ensure mutual support where necessary. However, the Illegal Money Lending Team will frequently plan and undertake initiatives without requiring support from the Trading Standards Service.
8. The main focus of the Team's activity in the last few months was a door-to-door awareness raising campaign in Barton. This campaign took place in December 2010 and involved the Illegal Money Lending Team with staff from Oxfordshire Trading Standards and was supported by the Thames Valley Police Neighbourhood Team. Homes in Barton were visited with a view to discussing debt and money issues with Barton residents as well as providing information about the Stop Loansharks project.
9. A summary of the Team's other awareness raising activities for January to March 2011 follows:

Date	Group/Meeting	Activity
07-03-11	Abingdon Job Centre Plus	2 presentations
08-03-11	Abingdon Job Centre Plus	2 presentations
15-03-11	Banbury CAB	1 hour presentation to 35 advisors
16-03-11	Didcot CAB	1.5 hour presentation to 20 advisors

In addition an awareness raising article was sent to all Job Centre Plus staff in the South East.

Recent partnership development actions have included a meeting with the Police BCU Commander for Oxford City to discuss delivering training to all police working across the region. This training has been agreed in principle and is currently being planned.

10. In addition, The Trading Standards Community Engagement Team has promoted the Stop Loan Sharks initiative as part of its normal community engagement activities (e.g. talks and presentations to community groups, displays at specific events, radio interviews, etc). The Trading Standards website also includes a dedicated section on loansharks.
11. Clearly, promotional work is on-going and the Team would welcome invitations to present to further community groups.

Outcomes to Date

12. The Team do not make available any detail on any on-going investigations in order to reduce the risk of these investigations being compromised. Until arrests are made we may not be aware of loanshark activity that is being investigated. The protocol underpinning the operation of the team provides for confidential communication between the Illegal Money Lending Team Manager and the Head of Trading Standards in order to ensure efficient investigation and mutual support where necessary.
13. Since January 2009 the Illegal Money Lending Team have undertaken and concluded an investigation into a report of potential loanshark activity in Oxfordshire. However, after investigation it was established that there was no illegal activity taking place and that the reported concerns did not stem from illegal money lending.
14. No specific performance indicators apply specifically to this project in Oxfordshire. The Illegal Money Lending Team is funded by central Government and reports on national performance to the funding department (the Department of Business, Innovation and Skills).

Government Policy

15. In late 2009 the Government announced continued funding would be provided for the Illegal Money Lending Teams. Until this announcement it was uncertain whether the team would operate beyond March 2011. There will be some changes to the structure of the project which will see the some regional teams operating elsewhere in the country coming under the control of the Birmingham City Council team in future. This change is being initiated to ensure efficiency in the project but will not affect the team's operation in Oxfordshire.

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Background papers: None
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April 2011