

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 12th January 2006

Report Title Illegal Money Lending Project

Summary To seek agreement to authorise a team of specialist officers from Birmingham City Council to enforce the Consumer Credit Act 1974 in Warwickshire, for a limited period of two years in the first instance, to combat illegal money lending, as part of an ongoing pilot project in the region funded by the DTI.

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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background papers None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s) Not applicable
- Other Elected Members Councillor J Haynes, Councillor D Shilton, Councillor M Doody
- Cabinet Member Cllr Richard Hobbs
- Chief Executive
- Legal Ian Marriott - approved
- Finance Paul Walsh, Financial Services Manager - approved
- Other Chief Officers
- District Councils

Health Authority

Police

Other Bodies/Individuals

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Cabinet – 12 January 2006

Illegal Money Lending Project

Report of the Director of Libraries, Heritage & Trading Standards

Recommendation

That Cabinet authorises the Strategic Director of Adult Health and Community Services to enter arrangements pursuant to section 19 of the Local Government Act 2000 and regulation 7 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 for the discharge of all functions (including the prosecution of legal proceedings) constituting or incidental to the enforcement of Part III of the Consumer Credit Act 1974 by the executive of Birmingham City Council on terms to be approved by the Strategic Director of Performance and Development.

1 Background

The Department of Trade and Industry (DTI) have established a pilot to test the ability of a dedicated and funded team within a local authority Trading Standards Service to undertake enforcement against illegal money lending. Birmingham and Glasgow have been identified as the two pilot authorities.

As one of the pilot authorities, Birmingham City Council is seeking agreement amongst all of the local authorities within Central England Trading Standards Authorities (CEnTSA) for authority to be delegated to the City Council to enforce Part III of the Consumer Credit Act 1974 for a limited period within those local authority areas.

Warwickshire County Council Trading Standards service has a duty to enforce the Consumer Credit Act 1974 within the county. The monitoring of credit advertising and agreements is routinely carried out and consumer complaints and enquiries are dealt with and appropriate advice is offered to Warwickshire consumers. However, with limited resources available, the specialist area of work that is necessary to tackle the illegal moneylenders or 'loan sharks' remains largely untouched.

The dedicated team from Birmingham City Council are equipped with the specialist skills, equipment and experience necessary to investigate the activities of these rogue moneylenders and to take appropriate legal action to curb their activities. They have achieved considerable success in the West Midlands region over the past 15 months since the project began in September 2004.

The objectives of the pilot project are:

- to ensure cases of illegal money lending are brought before the courts,
- to improve the knowledge and intelligence surrounding the serious problem of illegal money lending,
- to develop ways of cooperating with those responsible for investigating related activities, such as unauthorised possession of benefit books, and the Assets Recovery Agency who work to recover money under the Proceeds of Crime Act,
- to develop ways of replacing the illegal money lending activity with support for those who need it, and
- to consider 'Best Practice' when attempting to enforce the law against illegal money lending in the future.

2 Legal Considerations

By virtue of Section 161 of the Consumer Credit Act 1974, it is the duty of each 'local weights and measures authority' to enforce the provisions of the Act within their local authority boundary.

Warwickshire County Council will be authorising Birmingham City Council to undertake enforcement of Part III of the Consumer Credit Act 1974 for a limited period of two years initially.

A protocol for this project has been drawn up for agreement by Warwickshire County Council. Birmingham City Council sought advice from counsel in drafting this protocol, which has been the basis for agreement for the project team to work in other local authority areas.

3 Community Safety

Warwickshire County Council Trading Standards service does not currently have sufficient resources to dedicate to the specialist activity of detecting and investigating illegal or unlicensed moneylenders. This work is time consuming and high risk, with the added difficulty brought about by the fact that victims of the rogues are often fearful and reluctant to provide the necessary evidence for an investigation due to the circumstances they find themselves in.

This project seeks to protect defenceless members of the public from the ruthless activities of rogue moneylenders. The dedicated project team, funded by the DTI, would be able to provide additional resources and protection for the benefit of the most vulnerable citizens of Warwickshire. Their work concentrates on curbing the illegal activities of unlicensed money lenders who target the least well off members of society, often operating in the most deprived areas and using harassment, threatening behaviour and even violence towards their victims.

4 Financial Implications

This is an exciting and innovative new partnership initiative to harness external funding sources and achieve more economic ways of working by sharing expertise and specialist equipment across the region. There are no financial implications for the Council as a result of this proposal. All costs will be funded by the DTI.

By supplementing Trading Standards resources at no extra cost to Warwickshire County Council our performance in relation to enforcement of the provisions of the Consumer Credit Act 1974 will be significantly enhanced, thus improving the service offered to our citizens even further.

The project is funded by the DTI until September 2006. A bid for further interim funding to extend the pilot project for a further 18 months from that date is under consideration.

NOEL HUNTER
Director of Libraries, Heritage & Trading Standards

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Warwick

22 December 2005