

## EAST AYRSHIRE COUNCIL

### COMMUNITY SERVICES COMMITTEE – 23 MARCH 2005

#### ILLEGAL MONEY LENDING UNIT

#### Report by Executive Director of Neighbourhood Services

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of a project to tackle illegal money lending in Scotland and to seek delegated authority for the Executive Director to authorise officers employed by Glasgow City Council to act as Consumer Credit enforcement officers within East Ayrshire.

### 2. BACKGROUND

- 2.1 The Department of Trade and Industry (Dti) published a White Paper on Consumer Credit in December 2003 which, amongst other matters, referred to the need to adopt measures to tackle illegal money lending.
- 2.2 Borrowers who become excluded from obtaining loans from legitimate sources either, for example, because of poor credit history or lack of income have fallen prey to illegal moneylenders. Illegal moneylenders charge rates of interest which are extortionate and failure to meet repayments often results in threats and violence.
- 2.3 The Dti has allocated support funding to two Trading Standards Services in the UK to establish projects based in Birmingham and Glasgow with teams of specialist officers to investigate complaints about illegal money lending. The team now established within Glasgow will cover all of Scotland and the funding support is in place to cover a two year period of operation.
- 2.4 Investigations into illegal money lending are resource-intensive with offences being difficult to prove in Court because witnesses are often unwilling to provide statements.

### 3. DISCUSSION

- 3.1 As the work of the investigative team could be Scotland-wide an operating protocol has been drawn up and agreed by the Society of Chief Officers of Trading Standards in Scotland (Scotss) covering the following areas:-
- Working practices for project team officers when investigating outside the Glasgow area.
  - Mechanisms whereby Scottish authorities are updated on the progress of the project.

- Flow of intelligence and information between the project team and other Trading Standards staff throughout Scotland.

The protocol also requires the designation of a contact officer to ensure that investigations within East Ayrshire are formally notified and specific agreement in writing is given by the Trading Standards Principal Officer. In this way formal authorisation by East Ayrshire Council can be given for any covert surveillance operations undertaken by the project team.

- 3.2 The Consumer Credit Act 1974 makes no mention of any geographic restriction of powers used by duly appointed officers of a local authority, but it is nevertheless believed prudent to grant credentials to officers employed by another Council to avoid any future challenge in Court.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Nil.

#### **5. LEGAL IMPLICATIONS**

- 5.1 In the event of a project team officer requiring authorisation to carry out surveillance within the Council's areas, this will be carried out in accordance with the Council procedures.

#### **6. POLICY IMPLICATIONS**

- 6.1 Participation in this project is consistent with the Community Plan's aspiration for promoting Community Safety and dealing with issues associated with poverty.

#### **7. CONCLUSIONS**

- 7.1 The Dti are funding a two year project, based in Glasgow City Council, to tackle illegal money lending activities throughout Scotland. The project requires the co-operation of local authorities to allow the sharing of intelligence and agreement for the project team to investigate alleged illegal money lending activity outwith Glasgow City Council boundaries.

- 7.2 Agreement is sought for the Council to participate in the project when appropriate.

#### **8. RECOMMENDATIONS**

- 8.1 It is recommended that Committee:-

- (i) agree that the Scheme of Delegation be amended to provide for the Executive Director of Neighbourhood Services and the Head of Protective Services being able to authorise named officers of Glasgow City Council to undertake enforcement duties under the Consumer Credit Act 1974; and
- (ii) note the contents of the report.

William Stafford  
Executive Director of Neighbourhood Services

WS/JD/JM

3<sup>rd</sup> March 2005

**LIST OF BACKGROUND PAPERS**

**Nil**

Implementation Officer – [john.crawford@east-ayrshire.gov.uk](mailto:john.crawford@east-ayrshire.gov.uk)

**1. INTRODUCTION**

The DTI has selected Glasgow and Birmingham City Council's, Trading Standards Services to be the bases for the recruitment of a team of officers to investigate allegations of illegal moneylending over the next two years. The Glasgow Team will cover the whole of Scotland while the Team in Birmingham will tackle investigations in the West Midlands area.

In Glasgow's case the Team will be supported by administrative and clerical support from Glasgow City Council.

Senior Managers in Glasgow will also supervise the Officers.

The DTI established a Project Board to oversee the initiative. Representatives of the Office of Fair Trading, The Department of Works and Pensions, ACPO and the DTI will consider regular Reports on the initiative from each Team. There is in attendance at each meeting a Supervising Officer of Birmingham and Glasgow Councils.

Project Board Meetings will initially be on a monthly basis but may move to every second month once projects are established.

**2. PROJECT TEAM WORKING AND REFERRAL OF INTELLIGENCE**

1. **APPLICATION**

1.1. This protocol applies to the DTI funded Loan Shark Project and covers the following issues:-

- Working practices for project team officers when outside of Glasgow City Council area.
- The mechanisms whereby Scottish authorities are updated on the progress of the project.
- The exchange of intelligence and information between the project team and other Trading Standards staff throughout Scotland.

1.2 It is to be considered and discussed at the Society of Chief Trading Standards Officers in Scotland on 25<sup>th</sup> May 2004

2. **THE PROJECT TEAM**

2.1 The project team will comprise of a team leader and up to 7 staff employed by, or seconded to Glasgow City Council. The team leader will be responsible for the day to day operation and supervision of the team.

2.2 The Team Leader will report directly to the Technical Services Manager and then to the Head of Consumer and Trading Standards in Glasgow.

2.3 The Head of Consumer and Trading Standards in Glasgow will report progress to the Society of Chief Trading Standards Officers in Scotland.

### **3. WORKING ARRANGEMENTS OUTSIDE OF GLASGOW CITY COUNCIL AREA**

- 3.1 Each Scottish authority will designate an authority contact officer and deputy. This is the person to whom contact will be made by the investigators before any enquiries are made in a local authority's area. Any necessary authority under RIPSAs etc. will be the responsibility of the Local Authority's Officer.
- 3.2 No investigations into the activities of loan sharks apparently operating in a local authority area will be instigated without the specific agreement in writing of the relevant Head of Service based on the contact officer having been fully briefed. This initial agreement may include matters specific to that investigation including; the timing of the investigation, the officers who will participate; and the conduct of the investigation. The Team Leader will regularly brief designated contact officers on any intelligence gathered in relation to their area, (the renewal of any RIPSAs authority will trigger this anyway). This written agreement will be in the form of a National Intelligence Report signed by the Head of Service and returned to the Team Leader.
- 3.3 All other reasonable steps will be taken by the Team Leader to keep the authority contact officer updated on the progress of investigations and enquiries being carried out in their area. It is recognised that, while it may not be necessary to seek approval, from the local authority for every single step of an enquiry or investigation, it is incumbent on the Team Leader to agree and maintain a regular dialogue with the authority contact officer and to be diligent not to allow an investigation to evolve into new areas of work without reference to the contact officer.
- 3.4 The project team members will have regular contact with relevant Police forces and other Government agencies. The Project Team Leader will consult with the relevant authority contact officer to identify existing local arrangements and protocols before any initial contacts are made. Wherever practicable, the Project Team Leader will seek to develop close links between the agencies and Scottish authorities, and actively involve authority contact officers wherever appropriate.
- 3.5 Any contact with local government bodies, other police forces, credit unions or similar organisations that may be locally funded or may involve local sensitivities will be agreed with the relevant contact officer in advance. Upon being notified of an intention to contact such a body, the authority may arrange for one of their own officers to accompany the project team officer on any visit; or undertake the work themselves and pass any results back to the project team.
- 3.6 It is recognised that officers in the project team will need authority to initiate or undertake investigations of potential offences falling entirely outside the Glasgow City Council boundaries. This can be achieved by authorisation of the officers by the relevant authority or by involvement in the investigation of an authorised officer from the authority. It may be that other means are identified and agreed by SCOTSS during the course of the project. The decision as to which of these means of authorisation is to be used in an agreed investigation is at the discretion of the Head of Service of the relevant authority and subject to the procedures of that authority.

- 3.7 Where a Head of Service and the Project Team Leader agree that an officer of a local authority may be actively involved in an investigation, it will be recognised that the officer remains an employee of the relevant authority but comes under the control of the Project Team Leader for the purpose of that investigation. Such agreement will be subject to the Project Team being satisfied that the officer's participation will not compromise any investigation or endanger any member of the project team, supporting staff or witnesses and that the officer has the appropriate training, experience and equipment to undertake the task.
- 3.8 When a moneylender has been removed it will be the responsibility of the Head of Service within the area that he/she operated to advise the Authority's Press Office and forewarn the Social Services of the effect of such an action.
- 3.9 There is no requirement to provide any staff and therefore no resource implications on local services. In most instances all that will be asked is information on local aspects and the liaison issues handled as required

#### **4. REFERRAL OF INFORMATION / INTELLIGENCE TO THE PROJECT TEAM**

- 4.1 It is recognised that the project team will rely heavily on receiving information about loan shark activities.
- 4.2 All Scottish authorities will endeavour to provide as much relevant information and intelligence as possible in the 5x5x5 format of intelligence reports approved by the Scottish Intelligence Database, copy enclosed.
- 4.3 Information and intelligence will be provided via the authority contact officer.
- 4.4 The project team will not normally take on board individual complaints concerning alleged loan shark activities. This relates to single pieces of information made anonymously. Such complaints should therefore be referred to the project team for information only and may be used, by the project team, as a source of intelligence.
- 4.5 The Team Leader will analyse information and intelligence as it is received and determine which operations should be pursued. Priority will be given to those investigations, which will have the most impact and satisfy the goals of the project. The Team are charged to work across Scotland within the constraints of staffing and budget.

#### **5. REVIEW**

- 5.1 This policy will be subject to periodic review by SCOTSS.