

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....17th March 2011

1. Title of Item/Report

Delegation of Powers for Enforcement of Part 111 of the Consumer Credit Act 1974

2. Record of the Decision

Consideration was given to a report that sought approval for Stockton Borough Council to authorise Birmingham City Council to investigate and institute proceedings against illegal money lenders operating within the Stockton Borough Council area.

Historically, illegal money lending, although widespread in deprived communities, had been a largely invisible and little understood crime in the UK with few authorities having the necessary resources to enforce the law effectively, leaving victims isolated, vulnerable and with little means of redress.

A pilot Illegal Money Lending (IML) project was launched in 2004, as part of a wider strategy to tackle over-indebtedness and financial exclusion. Following the success of the pilot project and research commissioned by the then Department for Trade and Industry which provided the first estimates of the scale and impact of the problem, the national IML project was established in late 2007. The national project had been managed by the Department for Business, Innovation and Skills (BIS) since its inception.

The total amount of funding committed to the national project from 2007/8 to March 2010 was £13.6m (cash terms). The bulk of the national project funding had been provided by BIS (£10.8m), augmented by a contribution of £2.8m from the Financial Inclusion Fund to assist with the national project start-up in 2007/8. When the pilot project funding (£2.1m) was included, total funding for the IML project over the period from 2004 through to end-March 2010 amounted to £15.7m.

The IML project was implemented on a decentralised basis. Seven regional teams were set up, with some common features but differences in delivery models, with teams of differing sizes, all of which were hosted by Trading Standards and local authorities.

The Central England Trading Standards Authorities (CENTSA) IML team were the largest team, based in Birmingham and operated by Birmingham City Council and they covered a large swathe of central and southern England, including the North West, Yorkshire and Humberside, the West Midlands, East of England and the South East regions. The remaining English regions were each covered by a separate IML Team, i.e. the North East, the East Midlands, London and the South West. IML Teams also operated in Scotland and Wales. The North East Trading Standards Association (NETSA) IML Team had served the needs of the Stockton area with any offences discovered in Stockton being reported to Stockton's Trading Standards & Licensing Manager who had approved any necessary prosecutions. In the last two years there had been two prosecutions involving a total of five defendants. Governance of the NETSA IML team was undertaken by the NETSA Executive Board, Stockton's Trading Standards & Licensing Manager being a member of that Executive Board. Funding for the NETSA IML team operations would cease on 31 March 2011 and the team was being disbanded, this would mean the loss of 7.8 FTE posts.

On the 29th December 2010 Business Minister Edward Davey announced that £5.2 million in funds would be available to continue the national IML project for 2011/12 through the trading standards service. In addition, the minister also announced that BIS intended to restructure the project by moving the project to a three national team model. The Minister indicated that BIS were looking to maintain front line services whilst providing a value for money project. The England team would be hosted by Birmingham City Council and would continue to provide a resource to investigate illegal money lending across England. Birmingham was chosen to lead the new England team due to the efficiencies associated with the expansion. This was favoured to creating a brand new team that would attract high development and set up costs. Centralising national services was thought key to the survival of the project. The governance of this team will be undertaken by the CENTSA Executive Board.

The benefit that this team could bring to Stockton was significant. Stockton Trading Standards & Licensing Service, like most local authorities, was not able to provide the level of specialist resource to provide this function. This was an excellent example of how sharing resources on specific issues could bring benefits otherwise unavailable in providing support to vulnerable consumers and tackling rogues.

Birmingham City Council required formal delegation of functions by this authority in order to expand the scheme into Stockton, to carry out the investigations etc under the Act and to prosecute any matters in the area.

It was proposed that the delegation should continue until 31st March 2013 with a view to extending the arrangement if successful and appropriate national funding still available. This delegation could be withdrawn at any time should the authority wish to do so.

To ensure clarity in respect of the operation of these arrangements, the draft protocol set out the processes and practices to enable Birmingham City Council and its officers to undertake investigations and legal procedures. This delegation did not prevent Stockton Trading Standards and Licensing Service from undertaking the function.

RESOLVED that:-

1. The delegation of the function of the enforcement of Part III of the Consumer Credit Act 1974 be carried out in Stockton Borough Council area by Birmingham City Council and the power of prosecution be delegated to Birmingham City Council for any matters associated with or discovered during an investigation by the illegal money lending team.

2. The "Protocol for Illegal Money Lending Team Investigations" be agreed and authority be delegated to the Trading Standards & Licensing Manager to enter into the agreement on behalf of Stockton Borough Council and approve minor alterations if required.

3. Reasons for the Decision

These delegations are required for the Illegal Money Lending project to continue within the Stockton Borough Council area.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Midnight on 25 March 2011

Proper Officer  
21 March 2011