

## **ANNUAL COUNCIL, 25 MAY 2011**

### **REPORT OF THE GOVERNANCE COMMITTEE**

#### **SUBJECT: DELEGATION OF POWERS TO THE NATIONAL ILLEGAL MONEY LENDING TEAM**

The National Illegal Money Lending Team was officially launched in April 2011 and the amalgamation of a number regional teams. It is funded jointly by HM Treasury and The Department for Business, Innovation and Skills (BIS). Birmingham City Council facilitates and services the Team. Previously Havering was part of a London team operated by Tower Hamlets

The project is focussing on illegal money lenders. Not licensed by the Office of Fair Trading, and often known as “loan sharks”, they prey on the vulnerable, charging extortionate interest rates. Victims often live in fear, resulting in ill health and other social problems, leading possibly into a criminal lifestyle to keep up with payments. Information on illegal lenders rarely comes to the attention of Trading Standards. This is in part due to fear, but sometimes there is a perception that these lenders are the only source of credit for those without an income. They may also feel a local authority would not have the ability to deal with such crimes.

In addition to the Consumer Credit Act 1974, the Illegal Money Lending Team uses a wide range of other legislation to deal with illegal money lenders and their criminality, which includes fraud and violence. The project benefits all Londoners, particularly the vulnerable, and complements Havering’s Sustainable Community Strategy of reducing poverty, improving safety and building confidence within the community. It supports victims as well as securing convictions against illegal lenders.

Delegation to the Illegal Money Lending Team would speed up enforcement action against unlicensed lenders within Havering, enhance confidentiality of operations and help avoid Havering officers being placed in possibly dangerous situations.

As the Illegal Money Lending Team needed for operational reasons to have the delegated authority before the next meeting of full Council in order to carry out investigations in the borough into current complaints, it was necessary for the Chief Executive to use her power “to discharge the relevant functions of the Council where.....as a matter of urgency .... it is necessary that action should be taken before the date of a meeting of a body in whom the power of decision rests” to delegate the necessary authority in advance of the Council’s approval.

**The Committee accordingly RECOMMENDS that Council:**

1. In pursuance of Section 101(1)(b) of the Local Government Act 1972, Section 19 of the Local Government Act 2000 and Regulation 7 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, delegates to Birmingham City Council:
  - (A) Enforcement of Parts III and IV of the Consumer Credit Act 1974, and
  - (B) the enforcement functions and powers under Parts XI and XII of the Consumer Credit Act 1974, and
  - (C) the power of prosecution under section 222 of the Local Government Act 1972

all in connection with money-lending or the activities of money lenders and/or their agents and associates, and the laundering of the proceeds of illegal money-lending.

2. Agrees that Part 3, Section 2.3 of the Constitution (functions exercised by another authority on behalf of this authority) be amended accordingly
3. Authorises the Acting Assistant Chief Executive to agree the terms of the delegation agreement with Birmingham City Council.
4. Agrees that the Council will enter into a joint Cross Border Working Protocol with Birmingham City Council in respect of illegal money lending.
5. Notes the exercise by the Chief Executive of her powers within Part 3, Section 3.1.8 of the Council's Constitution temporarily to delegate the above powers to Birmingham City Council to allow an investigation to proceed prior to this meeting.