

EXECUTIVE BOARD DECISION



REPORT OF:	Executive Member for Public Health & Wellbeing, Executive Member for Environmental Services
LEAD OFFICERS:	Director of Public Health & Wellbeing Director of Environment & Operations
DATE:	5 July 2018

PORTFOLIO/S AFFECTED:	Public Health & Wellbeing	Environmental Services
WARD/S AFFECTED:	All	(Please Select...)
KEY DECISION:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

SUBJECT: Blackburn with Darwen Stop Loan Sharks Charter

1. EXECUTIVE SUMMARY

This report provides background information on the features and impacts of illegal money lending and seeks agreement for Blackburn with Darwen Council to work with local partners to adopt the Stop Loan Sharks Charter in order to;

- Send a clear message that loan sharks will not be tolerated in the Borough and make Blackburn with Darwen a challenging place for loan sharks to prosper
- Increase awareness within partner organisations and local communities of illegal money lending activity and the support available
- Increase confidence of residents to safely report illegal money lending activity
- Encourage the financial capability of residents so that they can make informed choices about affordable lending and saving

2. RECOMMENDATIONS

That the Executive Board:

- Agree to work with local partner agencies to adopt a Stop Loan Sharks Charter for Blackburn with Darwen
- Support a programme of joint work with the England Illegal Money Lending Team (IMLT) to tackle illegal money lending in Blackburn with Darwen

3. BACKGROUND

Credit is a fact of life and for many people, it can be a useful tool to spread payments allowing us to buy things we couldn't ordinarily purchase. But, while it is broadly agreed that credit has many benefits, some people are excluded from getting it on favourable terms and may have to resort to other forms. Those other forms might entail higher interest rates, less attractive repayment terms and paying a lot more back. It is often the case that those who are excluded from affordable forms of credit and fairer finance have little choice but to use more expensive or illegal forms of credit - those who can least afford it are penalised more.

The impacts of problem debt and illegal money lending are not solely financial and can extend beyond the individual themselves to affect family members, employment, housing and health. The health impacts of debt can be far ranging, including mental and physical outcomes, as well as leading to changes in behaviour, such as smoking and alcohol use, which have clear negative health impacts of their own (RSPH 2018). Tactics associated with illegal money lending in particular, can affect a resident's quality of life, as victims often worry about how they are going to pay each week, and the consequences if they cannot pay. This can result in high stress levels, depression and other mental health issues.

Furthermore, there is inequality in the impact of debt on health as individuals with lower socio-economic status are more likely to be forced to use high cost credit, including that provided by payday, rent to own, and door to door lenders. Like most health determinants, debt has the greatest negative impact on those most vulnerable in society, deepening already entrenched health inequalities.

Illegal Money Lending:

Unauthorised or illegal money lending, is the practice of lending money to individuals without regard to the rules and requirements of the regulatory framework. Illegal money lenders are often referred to as loan sharks.

Loan sharks operate below the regulatory radar and both the consumers and the lenders involved are hard to reach and reluctant to share what they know. It can be difficult to identify and quantify this unauthorised lending activity, given the taboos that surround it and what is at stake. For consumers, that could be shame or violence, and for lenders, criminal sanctions including imprisonment.

As these debts are unenforceable in law, lenders usually enforce debts through fear, intimidation, violence, sexual offences and other illicit means.

Features of illegal money lending include;

- Cash loans
- Lack of paperwork
- Adding huge amounts of interest or APR to the loan
- Threats to the borrower
- Borrowers fear of people finding out
- Taking the borrowers bank card, benefit card, passport, watch or other valuables

It is estimated that there are 310,000 people in debt to illegal money lenders in the UK. Research carried out in 2017 by the Financial Conduct Authority (FCA) in the UK highlighted that unauthorised lending:

- Has existed in our communities for generations
- Happens across the UK
- Is most likely to be found in areas of high economic deprivation, particularly within social and rented housing estates with close knit communities.

Illegal Money lending Teams:

Illegal Money Lending Teams (IMLT) work across the UK to raise awareness of what illegal money lending is while investigating and prosecuting loan sharks and supporting those who have borrowed money from a loan shark. Each team comprises specialist investigators and officers who have previously worked for the police, trading standards, and debt advice services.

In 2018 the England IMLT worked with Blackburn with Darwen Council, Great Places Housing Group, Newground and award-winning Blackburn filmmaker Aaron Dunleavy to create the short film '**Landsharks**', to raise awareness of the dangers of loan sharks. The film stars local residents and shows the detrimental impact that loan sharks can have on the lives of their victims and helps to reinforce the message that these unscrupulous lenders should be avoided at all costs.

Stop Loan Sharks:

The England IMLT operate **Stop Loan Sharks** within local communities and with key partners including trading standards, community safety, housing associations, the police, Citizens Advice, debt advice services, as well as credit unions and anyone who works with vulnerable people to deliver, free of charge:

- Bespoke illegal lending training for staff
- Presentations for service users/residents to raise awareness of illegal lending
- One to one support for people who are illegally borrowing
- Publicity materials
- Housing best practice guide (jointly developed with the Chartered Institute of Housing)
- Campaign partner sessions/joint campaigns
- Advice on measures to tackle and prevent loan sharking within relevant policies and procedures
- Financial education resources for schools

The IML team have a confidential victims hotline number (0300 555 2222) for anyone who has been a victim or anyone who wants to report a loan shark.

The Stop Loan Sharks Charter:

The IMLT is encouraging partners to develop a '**Stop Loan Sharks Charter**' for their area, and a number of areas across the country are now signed up to this approach. The Charter is a device for bringing people together to create a cohesive community statement that loan sharks will not be tolerated in local communities. The aim is to bring together leaders from the local authority and other key organisations, which deal with victims of loan sharks to make a stand against illegal money lending and send a clear message that they are united in action to eradicate this crime.

A potential draft charter for Blackburn with Darwen is attached as **Appendix A**.

4. KEY ISSUES & RISKS

The Stop Loan Sharks Charter aims to;

- Increase awareness within local communities of the approaches and tactics that illegal loan sharks adopt when targeting potential victims
- Create a legacy that will make it difficult for illegal loan sharks to prosper
- Increase the confidence of residents so they can make informed financial choices on areas such as affordable lending and saving
- Increase the confidence of residents to enable them to report illegal loan shark activity safely
- Increase the awareness of agencies working with residents to enable paid staff and volunteers to spot signs of a loan shark victim and then offer victims the opportunity of support

This would be achieved by;

- Promoting the Stop Loan Sharks Initiative as widely as possible
- Encouraging a range of relevant organisations to sign up to the Charter
- Planning and implementing initiatives to support implementation of the Charter and take part in the annual loan sharks awareness week
- Working with partners to create opportunities to provide awareness on budgeting and money advice to local communities so residents can make informed financial choices
- Taking a multi-agency approach to facilitate the Illegal Money Lending team to increase their reach into local communities.

The proposed next steps are:

- To secure further support for the Charter from key partners
- To engage the IMLT in providing training to relevant staff and community members
- To work with the IMLT to promote Stop Loans Sharks and encourage reporting of illegal money lending activity
- For the IMLT to investigate all reports about loan sharks, and publicise successful cases

5. POLICY IMPLICATIONS

There are no direct policy implications of this report.

6. FINANCIAL IMPLICATIONS

There are no direct financial implications of this report.

7. LEGAL IMPLICATIONS

As set out in the report there are criminal sanctions for offences relating to loan shark arrangements which can include fines and /or imprisonment. By signing a charter, agencies are not entering into a legally binding agreement but simply agreeing to make a stand against illegal money lending, sending a clear message that they are united in action to eradicate this crime.

8. RESOURCE IMPLICATIONS

The IMLT are resourced nationally to deliver Stop Loan Sharks. No additional resources will be sought and many other local authorities have demonstrated that they can support the Charter through normal service delivery. The IMLT will also assist with appropriate publicity material.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA

associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

The work of the IMLT is based on research and intelligence gathered from local communities and partner organisations.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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DATE:	6 th June 2019
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BACKGROUND PAPER:	Appendix A – Example Stop Loan Shark Charter
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