

<b>MEETING:</b>	<b>THE COUNCIL</b>
<b>DATE:</b>	<b>22, OCTOBER, 2009.</b>
<b>TITLE;</b>	<b>WALES ILLEGAL MONEY LENDING UNIT.</b>
<b>PURPOSE:</b>	<b>TO MAKE ARRANGEMENTS TO ENABLE THE WALES ILLEGAL MONEY LENDING UNIT TO ACT IN GWYNEDD.</b>
<b>RECOMMENDATION</b>	<b>TO AUTHORISE ENTERING INTO AN AGREEMENT WITH CARDIFF COUNTY COUNCIL FOR THE DISCHARGE OF FUNCTIONS RELATING TO PART III OF THE CONSUMER CREDIT ACT 1974 WITHIN GWYNEDD.</b>
<b>PORTFOLIO LEADER</b>	<b>CLLR. J. R. JONES, SENIOR PORTFOLIO LEADER - RESOURCES.</b>
<b>AUTHOR:</b>	<b>DILYS PHILLIPS, HEAD OF DEMOCRACY AND LEGAL AND ALED DAVIES HEAD OF REGULATORY.</b>

## **1. BACKGROUND.**

- 1.1 The primary legislation governing the consumer credit industry is the Consumer Credit Act 1974. Section 161 of the Act places a duty upon Weights and Measures authorities to enforce its provisions within each authority's area. In Gwynedd, this duty is delegated to the Head of Regulatory and enforcement of the Act is carried out by officers authorised by him within the Trading Standards Unit of the Public Protection Service.
- 1.2 The Consumer Credit Act 1974 established a licensing system and all consumer credit and consumer hire businesses operating in the U.K. (with certain exemptions) must possess an appropriate licence issued by the Office of Fair Trading (OFT). The OFT must be satisfied that an applicant for a Consumer Credit Licence is a fit and proper person before issuing that person with a licence to trade.
- 1.3 To operate a consumer credit business without being licensed is a criminal offence and carries a maximum penalty of £5,000 and/or up to two years imprisonment. Further, the OFT can revoke licences where it can be established that the licensee has acted inappropriately. The OFT can issue warnings and add conditions to the licence where necessary.
- 1.4 Illegal money lending covers a range of activities, from persons that are actually licensed but are acting unlawfully (for example by canvassing off trade premises) to the extreme of a person offering cash loans without being licensed at all (Loan Sharks).

- 1.5 Following successful pilot projects in Birmingham and Glasgow, the Treasury and Department for Business, Enterprise and Regulatory Reform (now the Department of Business, Innovation and Skills) invited bids for funding of similar projects in other regions of the United Kingdom. The Wales Heads of Trading Standards submitted a successful bid and Cardiff County Council was chosen to lead the project covering Wales.
- 1.6 The Wales Illegal Money Lending Unit's remit is to investigate illegal money lending activity to establish if a problem exists and, if so, bring to justice those persons carrying on this activity.
- 1.7 The Unit has been operational since February 2008. To date, it has operated mainly in South Wales but is now seeking to extend operations across the whole of Wales. Key performance data for the unit includes:  
46 cases investigated  
20 arrests made  
Evidence of £1.09m illegal money lending  
£54,300 cash seized  
Also, the Unit is establishing links with CAB, Financial Advice Centres, Community Groups and Credit Unions.
- 1.8 With the assistance of Gwynedd Trading Standards Unit, a successful prosecution was taken by the North Wales Police in 2008 against an unlicensed person lending money in the Bangor Area but the true extent of illegal money lending in Gwynedd is unknown.

## **2. CONSIDERATIONS.**

- 2.1 In order to extend the Wales Illegal Money Unit's operations into Gwynedd, its officers must be duly authorised and arrangements must be in place for all the associated legal processes and costs thereof to be assigned to Cardiff County Council as the lead authority.
- 2.2 The Wales Illegal Money Lending Unit will enhance the work already undertaken by the Trading Standards service within Gwynedd. The costs of this unit is being provided by central government and Cardiff County Council has given the necessary indemnifications.
- 2.3 Giving Cardiff County Council the necessary powers to discharge this statutory function in Gwynedd will not affect Gwynedd Council's ability to carry out the enforcement activity itself if it chooses to do so. A protocol will be agreed between the two Councils which will stipulate the arrangements for co-operation between the Wales Illegal Money Lending Unit and Gwynedd Trading Standards.
- 2.4 This initiative has been discussed by the Wales Heads of Trading Standards Group and the Directors of Public Protection Wales and has the support of all local support of all local authorities in Wales. It is monitored by a steering group of the Wales Heads of Trading Standards.
- 2.5 Decisions on arrangements for the discharge of statutory functions by another local authority under Section 101 Local Government Act 1972 and Section 32 Local Government Act 2000 are reserved to the full Council.

**3. RECOMMENDATION.**

- 3.1 That Gwynedd Council enter into an agreement with Cardiff County Council pursuant to Section 101 of the Local Government Act 1972, sections 19 and 32 of the Local Government Act 2000 and Regulation 15 of the Local Authorities (Alternative Arrangements) (Wales) Regulations 2007 for the discharge of the function of enforcement of Part III of the Consumer Credit Act 1974 within Gwynedd by Cardiff County Council.