Interim Evaluation of the National Illegal Money Lending Projects

Final report – the evidence base

Supplementary Material

Contents

Introduction

This document contains some material supplementary to the main evidence report, and provides further detail on lenders and victims and the operation of the various teams. It covers:

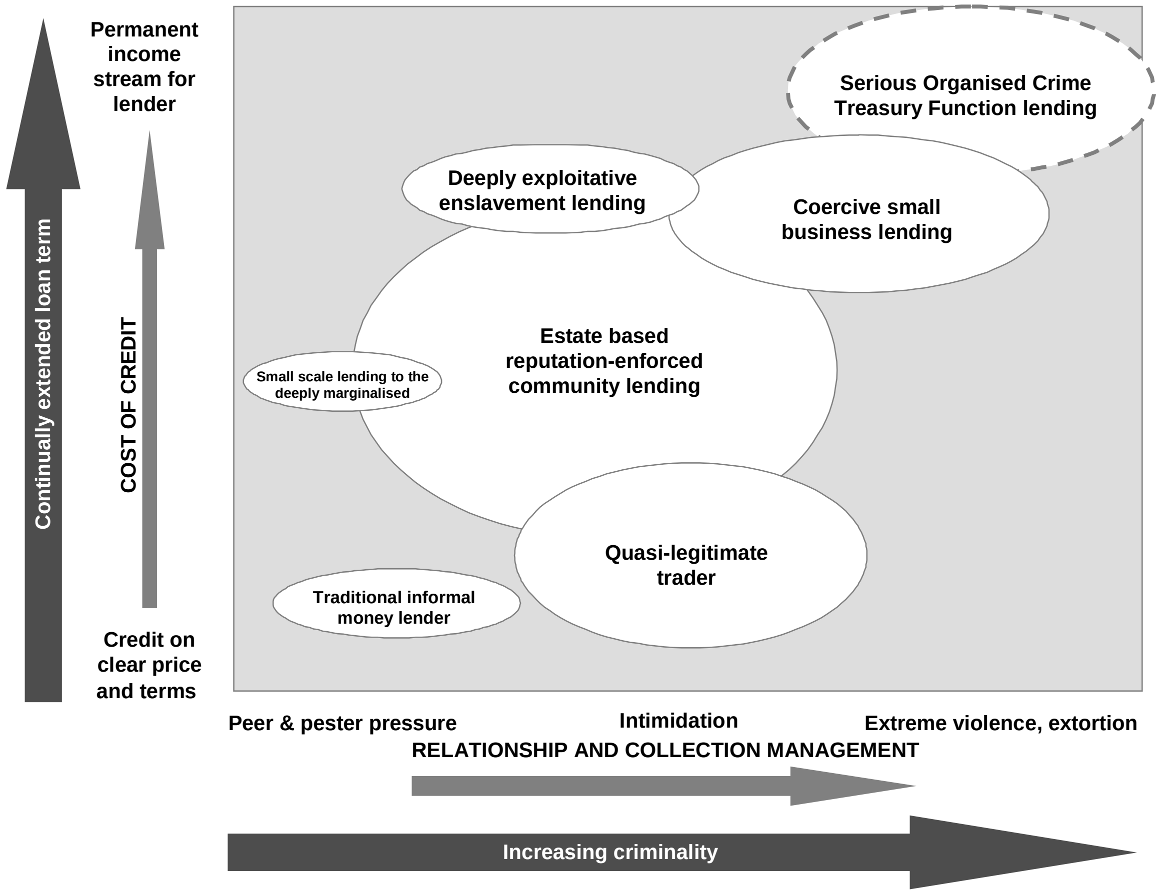
- A description of an illegal lender typology.
- A description of a victim typology
- A description of the various delivery models of the project teams.
- A detailed discussion of the merits of the different delivery models and the implications for future development
- Detailed performance and cost benefit tables for the various regional IML teams.

1.0 Lender typology

The various lender types discussed in Chapter 2 of the evidence report are presented visually in the diagram following as Figure 1. The various lender types are then described briefly thereafter. There will be a degree of cross over between some lender types and within each type described there will be a spectrum of more or less exploitative and damaging lenders.

Figure 1 summarises the range of lender types encountered by the teams as described above.

Figure 1. Diagram of lender typologies



1.1 Small scale lending to the deeply marginalised

This type of lending tends to take place in deprived estates or hostels and to be concentrated in the most disadvantaged members of such communities and those with chaotic life-styles, typically alcoholics and drug addicts, the homeless. Loans are very small scale, typically between £10 – £40, and often used to buy drugs or alcohol. Terms are very short- a few days or a week, and price varies, but borrowers are often required to repay twice what they have borrowed. Lenders are usually men, and may also deal drugs or sell alcohol. Security is typically POCA and cash cards, returned to the victim only to cash their benefits before being retained by the lender after payment once the outstanding “debt” has been cleared.

1.2 Traditional informal money lenders

This type of lending occurs both within minority ethnic communities and within communities with a long history of informal money lending, such as ex mining communities. Lenders are both women and men. Lending is small scale, in cash, made within a closed social network, to relatively clear terms with lenders reliant on pester power and continual pressure rather than intimidation to sustain payments. The cost of credit is very high and can rapidly escalate in the event of non payment but is not necessarily always completely exploitative. In the case of minority ethnic lending it is usual to hold securities, typically in the form of passports or jewellery. Lenders can exhibit a degree of flexibility in the event of payment difficulty, though can also be very hard-line. Lenders would probably not see themselves as loan sharks and borrowers may well feel reliant on, and comparatively well disposed towards, the lenders. Some such businesses are very long established.

1.3 Quasi legitimate trader

Such lenders may have a trading front and will typically present as a legitimate entity. This type of lender is also found within minority ethnic communities. Loans may be supported by credit agreements and some paperwork, albeit not usually supplied to the borrower. There appears typically to be some form of structured pricing model. Such lenders may be one man bands or family businesses or may be supported by collectors and enforcers. Operations can vary in size but some can be quite large. There may be some cross over with various kinds of finance related business, including criminal activity such as fraud, especially mortgage fraud. There is a spectrum of harm associated with such lenders ranging from those operating with close-to legitimate characteristics to the out and out loan shark, supported by violent henchmen. At the extreme end of this spectrum the principal or principals may be some distance removed from the borrowers with the proceeds of money lending laundered into extensive assets.

1.4 Estate based reputation-enforced community lending

This would appear to be the dominant lending model in the UK outside London and to be common in deprived social housing estates, particularly in inward-looking communities in which exclusion and disadvantage are entrenched. There appear to be two broad types of illegal money lender within such communities, the stand alone loan shark and the lender for whom loan sharking is part of a wider criminal lifestyle, which may involve running shoplifting gangs, drug dealing and various kinds of acquisitive crime and benefit fraud. Lending is small scale with prices pitched at a multiple of the legitimate high cost lenders but supported by a similar system of weekly, in home collection timed to coincide with benefit payments. This type of lender may be very long established, is often deeply embedded within the community they service and typically focuses on the most vulnerable members of that community. Many appear to be members of, or closely connected to, the dominant criminal families in the area. Their operations are sustained by their reputations, a controlling and intrusive modus operandi and a climate of fear. This climate of fear is maintained through continual intimidation and pressuring of their victims and by occasional exemplary violence.

1.5 Deeply exploitative enslavement lending

These operations are closer to extortion than lending. Lenders are ruthless operators who set out to maximise their take from their victims and the income stream that can be generated from the relationship over the longest possible period, with no regard for their victims, whose finances are frequently hollowed out beyond the point of viability, ultimately often leading to financial collapse as other debts and essentials go unpaid. Relationships are deeply exploitative and controlling, with victims frequently terrified of the lender. Amounts “owed” to the lender are escalated through a variety of mechanisms so that the victim is permanently entrapped by ever-escalating “debt”. The sums paid to the lender typically bear no relation to the original borrowing, being often very many times the original sum advanced. In extreme cases and where individuals have assets, the lender may seek to take control of these, typically requiring borrowers to sell at below market value or to sign over securities to the lender or their representatives.

1.6 Coercive small business lending

This type of operation is effectively the small business version of the consumer lending just described and typically involves larger sums. This modus operandi is most common within minority ethnic communities where lending is typically to small businesses struggling with cash flow or for the purchase of licenses or equipment (such as taxis and taxi plates), franchises or business premises. Sums lent range from a few thousand to tens of thousands of pounds. Small businesses with cash turnover are typically raided very frequently for cash, with cash collected daily, leading in most cases to cash starvation, a cycle of continually extended loans and the eventual collapse of the business. Some such operations are long established and self funded and may be predominantly family businesses. Others appear to be funded from external sources which may include serious organised crime.

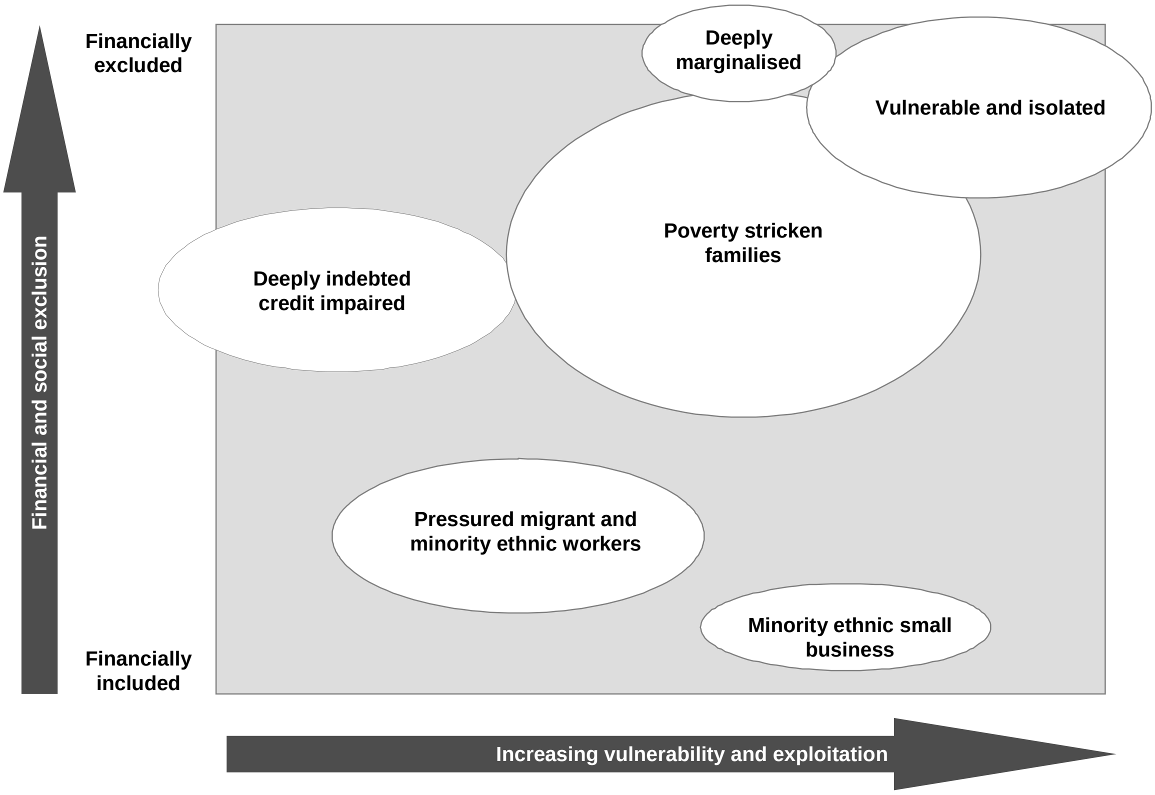
1.7 Serious Organised Crime Treasury Function lending

There is a degree of cross over between this type of lending and the coercive small business lending just described. Although some teams, notably in London, have come across instances of this type of lending little is known about its scale. Operators appear to source funding and protection from serious organised crime groups and to lend relatively large sums (which can run into hundreds of thousands) to small and medium sized businesses at very high rates as a means of laundering gains from criminal activity. Lending operations are sustained by extreme threats and violence, with those that fail to make repayments potentially forced into criminal activity, forced to sign over assets and in some cases, even kidnapped, tortured and killed.

2.0 Victim typology

The various victim types encountered in the research are presented diagrammatically in the figure following. The various victim types are then described briefly thereafter. There will be a degree of cross over between some victim types and within each type described there will be a spectrum of greater or lesser disadvantage, greater or lesser exploitation by the lender and greater or lesser history of use of legal lenders and of degrees of indebtedness. There is some map across between the victim types here described and the lender types discussed in the previous section.

Figure 2: Victim typology diagram



2.1 The deeply marginalised

These victims are a relatively small sub-set of victims and among the most marginalised in society. They include those with chaotic lifestyles as a result of drug and alcohol abuse, the homeless and “sofa-surfers”, those living in hostels, those with long term mental health issues, ex-offenders, illegal migrant workers and those with mild learning difficulties or sufficiently on the borderline of learning disability not to be receiving long term social services support (which will tend to act as a protective factor). They are far more likely than other victims to be single and not to have children for which they are responsible or to have family support. Many will have multiple and complex problems and a troubled history.

This type of victim appears more prominent in Scotland, where there is more very small scale lending on social housing estates and perhaps reflects the relatively high incidence of drug and alcohol issues in some parts of Scotland. However the teams have also encountered this type of victim in relatively affluent Gloucestershire. This type of borrower will typically be profoundly financially excluded, though those on permanent benefits will be more likely to have a Post Office current account. Victims will be highly unlikely to have access to high cost or catalogue credit but some will be users of the Social Fund. Borrowing is very small scale (as little as £10 and typically not more than £100), with payback over a very short time scale (as little as a week or receipt of next benefit payment) and can be closely linked to small scale drug dealing. Debt can escalate rapidly through a system of penalty charges, trapping victims for the long term and resulting in extreme income starvation. Typically victims will be required to provide their Post Office current account and PIN number to the lender as security for the loan and to facilitate collection. This type of borrower is particularly vulnerable to violent attack.

2.2 Poverty-stricken families

This appears to be the largest single group and the primary target of the estate-based, reputation-enforced lenders operating in deprived communities which is the dominant lending model in the UK. There is a high proportion of relatively isolated single mothers within this group (and thus a degree of cross over with the group described in 3.6.3) but lending extends not only to couple families but frequently also across generations and within an extended family. Thus parents, siblings, aunts and uncles and cousins of the victim may all have borrowed from the lender and have become enmeshed in unmanageable and often escalating debt. Lenders may indeed nominate another family member as "responsible" for repaying the loan of another family member where payment problems arise. Borrowers are overwhelmingly benefit dependent and live in social housing, typically in very close proximity to other family members and many have lived all their life in the same community. The lenders and their families are frequently also living in the same community, although this is not necessarily the case.

Some or all of the extended family may have had access to high cost or catalogue credit in the past and may indeed have been heavy high cost credit users. Those who have used high cost credit no longer have access, either because of account delinquency or default or, in recent years, because of the more cautious lending policies of the high cost lenders. This group also rely heavily on the Social Fund. Even before becoming involved with the loan shark, many will have been in arrears on household bills and will have struggled in any case to manage on very tight budgets. All are perennially "desperate for money" and though some lack financial capability – education levels are very low and illiteracy and innumeracy high – most are relatively careful budgeters (one of the reasons why they believe they will be able to repay their loan).

Borrowing is typically triggered by either a cash emergency, the need to fund a manor purchase or, most commonly, the desire to provide presents for children at Christmas. Clearly the victim experience depends on the nature of the lender and the degree of criminality and extortion associated with the model. Some will have a relatively friendly and business like transaction, albeit one that is very high cost and which frequently results in unpredictable debt and much higher payments made over a much longer term than anticipated. In other cases, where the lenders' modus operandi is geared towards maximising a permanent income stream, families – and indeed extended families – can suffer crippling income starvation and deeply compromised quality of life.

2.3 Vulnerable and isolated

There is to some extent a cross over with the previous group in that the families within this victim type are effectively a sub-set of the poverty stricken families earlier described. This type of victim is particularly vulnerable to the most predatory and exploitative lender types. Borrowers are typically targeted because they have an additional and predictable income stream – most often disability living allowance. They appear also to be targeted because the victim is relatively isolated or marginalised because of a disability or health or mental health condition or because they are caring for a disabled family member, often a child with a disability. Such victims appear easier to manipulate, control and intimidate and least well equipped to protest or escape. Victims of this type encountered by the project and research teams include single mothers of disabled children or children with a learning disability, adults with a learning disability, the deeply depressed, the terminally ill and those suffering from serious illness and their carers, the physically disabled, elderly men, women and couples and women fleeing domestic violence. Alternatively, they may simply be socially isolated, vulnerable or impressionable individuals, with under-developed social and life-skills, particularly poor numeracy skills, who do not appear to have close family support. Lenders based in the community are of course well placed to identify such individuals and may be in a position to exploit a long-standing relationship.

This group of victims are those which appear to fall prey most often to the "enslavement lending" whereby, using a variety of mechanisms, lenders manipulate the amount owed and the payments to be made to the point where payments to the lender rapidly become all or the lion's share of the victim's income, resulting in acute income starvation. Payments are then sustained by constant intimidation, and in some cases extreme threats and occasional violence. Borrowers can be trapped for some years – cases encountered by the project teams include instances where the extortion continued for close to two decades. Victims will experience a very high degree of stress as a result. Several of these victims encountered by the project teams and those interviewed by the researchers reported suicide attempts or suicidal thoughts. Some individuals had been subject to extended sexual abuse.

2.4 Pressured migrant and minority ethnic workers

These victims were almost exclusively members of an ethnic minority group and borrowing from lenders within the same community, with introductions to lenders also generated from within the community. They included temporary migrant workers, many of whom were working in caring roles within both the NHS and the private sector, those who had come to the UK as spouses of UK citizens, those with permission to live and work long term in the UK, those working illegally and UK citizens. Some had been born and educated in the UK and thus were fluent English speakers. Others were first generation immigrants, some with relatively little or no English. Almost all were banked, many had or had had mainstream bank and other loans and credit cards and some had mortgages, property and other assets. There is a degree of cross over with the deeply indebted and credit impaired group described in 3.6.5 following in that most of these individuals already had significant mainstream debt or were at the end of their existing credit lines and a significant minority appeared to have a history of problematic debt and over-indebtedness. As a group, these victims appeared to be particularly subject to variations in their income and in the availability of work – often being agency or contract workers.

Borrowing – both in the mainstream and subsequently in the illegal sector – appeared to have been driven primarily either by the need to raise funds for family members in their country of origin or expenses associated with travelling to and from the country of origin, often because of an emergency. Alternatively new borrowing was triggered by major expenses associated with moving into new accommodation, taking on a new job, bringing new family members into the country etc. Where payment problems had arisen on mainstream debt historically, this appeared similarly often to be because funds that might have been spent on debt service had instead been diverted to family emergencies. There was a sub-set of victims where the borrowing appeared to have been driven by gambling, with loans taken on either to fund gambling or the payment of gambling debt.

The lenders servicing this type of borrower were more mixed than for other victim types, ranging from the benign to the deeply exploitative and ultra violent. Borrowers tended to borrow larger sums than other victim types, typically in the low thousands but in some cases loans could be substantially more. The dominant pricing model appears to be one in which a set sum was paid monthly, typically in the region of 8 – 12% until the whole of the capital was returned in a single lump sum, all interim payments being counted as interest.

2.5 Deeply indebted credit impaired

These borrowers were largely in work and were previously mainstream credit users. They appear to have been heavy credit users, having borrowed from a wide range of lenders and often having several credit cards and in some cases several bank accounts. There is some cross-over with the victim types described in both 3.6.4 earlier and 3.6.6 following. Both bank accounts and credit facilities tended to be compromised or frozen, often as a result of account delinquency or outstanding penalty charges or unauthorised overdrafts. These borrowers appeared more likely to be men.

The finances of some had been finely balanced for some time with borrowers moving from one financial crisis to another, frequently missing payments or over-shooting credit limits or paying minimum payments on credit cards for extended periods. In other cases borrowers had managed their credit use effectively for some years before suffering an income shock, brought about by ill health, relationship break-down, job-loss or short working or a down-turn in business where self-employed. Some had simply accumulated an adverse credit record by dint of constant payment irregularity and the occasional outright default. Others had faced significant financial distress over an extended period, struggling with deteriorating finances and increasing debt while others had faced a “big bang” financial crisis. This group were also those most likely to have already consulted debt advice, to have made arrangements with creditors, with some having failed to keep to repayment arrangements, and to have gone bankrupt, Where individuals were working, many appear to have been self employed as taxi-drivers, builders and similar, with the recession having impacted these workers particularly strongly.

These borrowers were those most likely to have become involved with lenders with an apparently legitimate front. They had also tended to have borrowed larger sums than the generality of victims, typically a few thousand but also larger sums. In some cases, loans had been taken on to finance what were essentially small business expenses, the purchase of cars or vans, for example, in others to try and prevent debt elsewhere resulting in foreclosure or repossession. As with the minority ethnic borrowers previously described, the victim experience and the extent of consumer detriment was fairly mixed, reflecting the mix of more or less damaging lenders with which individuals were involved. Some had borrowed on reasonably clear terms, although very high cost, and enjoyed a relatively good relationship with the lender, whom they regarded as providing a service, if an expensive one. Others had been threatened and intimidated and ruthlessly exploited.

2.6 Minority ethnic small business

These types of victim were minority ethnic owners of small businesses – retail outlets, import : export operations, estate agents, small manufacturers and similar – often serving primarily their own community.

These victims also tended to have a problematic credit history but not necessarily so, with some simply having been unable to raise the finance that they wanted from their bank. All were fully banked, most had some functioning accounts and credit facilities although credit lines tended to be fully extended. Most had assets, primarily property and equipment.

The sums involved were much larger than for the non business borrowers, typically from around ten thousand to many tens of thousands, usually borrowed for primarily business purposes. The lenders in these cases were from the same community. In some cases lenders were small family businesses but in others lenders appear to have been fairly large scale operations, employing a series of collectors and lending extensively within the community. Against this background, and given that the victims who came forward were those who had been unable to repay and often in extreme fear, it would seem likely that there are relatively large black market lending operations within minority ethnic communities which do not come to the attention of the authorities.

These borrowers were among the victims with the most extreme experiences and in greatest need of protection and help, having often been subject to significant threat – including threats to their life and those of their families – and having been exploited to the point of financial collapse. The larger the sums borrowed, the greater the pressure and degree of threat when borrowers found themselves unable to repay. In some cases victims reported that funding was known to have come from serious criminal partners and that lenders had made it clear that they could call on these resources in the case of non payment. Victims had sometimes been paying lenders very significant sums over a considerable time, which in some cases bore no relation to the original sum borrowed. Others had had their business gradually milked dry of cash over time. Yet others had been forced to hand over assets or sell at below market price.

3.0 The teams and their delivery models

Key Points Summary

- The major differences between the teams and their approaches and the various delivery models rested essentially on the following:
    - Focus (in part determined by the nature of local markets)
    - Approach to intelligence and the effectiveness of intelligence relationships.
    - Scale
    - The extent to which the delivery model was centralised or regional in focus
    - The balance between in-house and out-sourced functions and resources and the extent to which the team features specialist skills
    - The degree of integration or collaborative working with either Trading Standards or the Police
    - The focus of the “financial inclusion” team and the way in which this function worked with the enforcement and investigative team
- In large part the relative performance of the teams in terms of benefits and costs reflects the nature of their local markets
- Teams that have focused on larger cases or those with the potential for substantial POCA realisations as a strategy have tended to take a larger share of benefit relative to funding but it is important to bear in mind that much of the greatest detriment to consumers arises from small operations in deprived estates where lenders may have few assets.
- Those teams that have achieved greatest engagement with local police forces have performed more effectively on intelligence than those who have struggled. In the same way those teams with an embedded police officer have outperformed those without. High level police sponsorship appears a critical success factor.
- There are clear scale benefits not only in terms of efficiency but also in terms of flexibility and capacity.
- Scale and centralisation also allows for concentrations of specialist expertise, most importantly on financial investigation skills, legal expertise and communications.
- A regional presence is however essential to get close to local markets and in reaching out to victims and supporting witnesses.
- None of the different approaches taken to financial inclusion have resulted in any appreciably greater success in transitioning victims to legal credit.

3.1 Summary key characteristics

The various teams and their delivery models are summarised in Figure 3 following:

Figure 3: Summary regional teams delivery models – key characteristics

Delivery and practice models by region:	London	Birmingham	Scotland	East Midlands	North East	South West	Wales
Small team covering all of London from 2 sites. Embedded police officer. FI delivery is via partnership with FI domain expert Toynbee Hall where 2 FIPOs based, line managed by IML PM. Team has taken on national lead with national agencies such as SOCA and FSA.	■						
Large super-regional team run on parachute in : parachute out model . Embedded project funded police officer and in house financial investigation team. Comms officer. Large dispersed FIPO team run from centre.		■					
Small long established flat team with no embedded police officer and single FIPO. Covers all of Scotland but overwhelming majority of work Glasgow.			■				
Small investigative team with project funded embedded police officer and single Partnership Manager.				■			
Small investigative team with project funded embedded police officer and 2 FIPOs.					■		
Team co-located with and shares resources, management, some funding with Scambusters team, with high degree of joint working. No embedded police officer. Team remote working. 2 FIPOs split large region and operate separately. Distinctive feature technical focus whereby seeks to avoid dependence on witnesses						■	
Small investigative team with seconded police officer and financial investigation capacity. Active across N and S Wales and based Cardiff. 2 Client Liaison Officers.							■

This chapter considers the range of delivery models adopted by the seven IML teams. Commencing with a brief overview on each of the teams, the chapter then moves on to examine the major differences between the teams and the factors which most influenced their relative efficiency and effectiveness.

3.2 The teams and their delivery models

The national illegal money lending project rests on seven regional teams, each operating independently within the relevant local authority Trading Standards framework. The teams are line managed and hosted by the relevant local authority.

Two of the teams, the CEnTSA team, headquartered in Birmingham, and the Scottish team, headquartered in Glasgow, had been running for two years 2004 – 2006 as pilot projects prior to the establishment of the national IML project.

The two pilot projects and the five new regional teams each submitted a bid for funding for the local IML project in 2007, in each case on the basis of an individually developed business plan to meet the key project objectives specified in BIS terms of reference. The original Birmingham team bid for a significantly expanded remit covering a much wider geographical area. Each of the team's bids adopted a slightly different approach and somewhat different delivery models and there are also considerable differences between the teams in size and geographic coverage.

The various delivery models are summarised in Figure 1 relating to this chapter which also provides a brief description of the structure, modus operandi and the delivery models employed by each team.

All of the teams are broadly structured so that the enforcement team are responsible for overall case management, criminal investigations, surveillance and intelligence activity, preparation of evidence and victim / witness management. Some teams have an embedded police officer while others do not. The teams have differing approaches to some of the more specialist aspects of investigation, particularly financial investigation and financial forensics, however, which is outsourced or part outsourced to the police in some cases and conducted entirely in house in others.

Similarly the financial inclusion / victim support workers within each team are broadly responsible for crisis intervention, victim and witness support and partnership building with various support and financial inclusion agencies. There are however considerable differences in emphasis within the various financial inclusion and victim teams, both in their delivery models but also in the extent to which they focus primarily on witnesses or victim support more widely.

3.3 Focus, local markets and performance

As was discussed in Chapter 5 covering benefits and costs, there are significant differences between the teams in terms of benefits and costs and in the extent to which net benefits are in excess of funding (the differences in performance between the teams and their share of net benefit relative to project funding can be seen in Chart 6 in Chapter 5 covering costs and benefits and in the associated tables in the technical appendix).

It is important to emphasise that to some extent the performance of the different teams – and their approaches – are determined by the nature of their local IML markets. In Scotland, for example, lending is estate-based, very small scale and very short term, with loans often as small as £10 or £20 while in London lending is more likely to be larger scale, typically several thousand but often more, and has had a greater emphasis on minority ethnic communities and small business than elsewhere. In some regions, notably parts of Scotland, the North East and Wales, the incidence of IML is higher, more widespread and longer established while in more affluent regions, such as the South West, IML tends to be concentrated in small pockets of deprivation.

Share of net benefit also reflects strategy and focus however. The CEnTSA team accounts for 53% of net benefit generated from the national project, which is in excess of its 34% share of funding. Performance in part reflects CEnTSA's strategy of prioritising larger and more serious cases and those where detriment to victims is greatest and a focus also on cases where POCA realisations will be significant. Such a strategy would not be feasible in a different market, Scotland, for example, where lenders are themselves relatively disadvantaged and embedded in the communities in which they operate.

The experience of the London team also stands out as distinctive, reflecting the diversity of the capital and concentrations of criminal activity within it. This team faces a different market from other teams in that cases are typically more serious and have a higher degree of cross-over with other criminal activity, including serious organised crime and terrorism. As a result cases have been slower to develop than has been the case with some other teams, reflecting the nature of the operations involved. However the value of the lending operations and the assets of the lenders can be substantial, as evidenced by the forward pipeline, which includes potentially substantial POCA realisations. Partly for that reason, the London team accounts for some 17% of net benefit, relative to 13% of funding. Clearly teams focused on small scale lending in deprived communities where the lenders may not have substantial assets will not be in a position to generate POCA funds in the same way.

Some of the smaller teams have been successful in generating high levels of enforcement activity, notably around investigations, arrests and prosecutions (see Chart 8 following), but have struggled to align benefits and costs. This is in part because these teams are focused on areas where lending in deprived communities tends to be based on small scale operations and low value loans so that savings to victims are also relatively lower. Nonetheless, the experience of these teams demonstrates the importance of a spread of enforcement activity across a range of local communities.

The key differences between the teams

The major differences between the teams and their approaches and the various delivery models – and the factors which most influenced their relative efficiency and effectiveness – rested essentially on the following:

- Focus (in part determined by the nature of local markets)
- Approach to intelligence and the effectiveness of intelligence relationships.
- Scale
- The extent to which the delivery model was centralised or regional in focus
- The balance between in-house and out-sourced functions and resources and the extent to which the team features specialist skills
- The degree of integration or collaborative working with either Trading Standards or the Police
- The focus of the "financial inclusion" team and the way in which this function worked with the enforcement and investigative team

3.4 Detailed description of the teams' delivery models

3.4.1 The CEnTSA team

The large CEnTSA team has evolved from the successful Birmingham pilot project IML team and is led by the manager responsible for the original pilot project. The team is much larger than the other teams and covers a wider geographical area that stretches across a large part of central England and reaches from the North West to the South East).

This super-regional team rests on a "parachute in: parachute out" delivery model, run from the central headquarters in Birmingham, by which a central team responds to cases of illegal money lending wherever they arise within the area for which they are responsible. Investigative and enforcement resource is "parachuted in" on a case by case basis, where local intelligence on IML indicates a need. Financial inclusion and victim support resource is however dispersed regionally, and run from the centre.

The model seeks to cover all the of key investigative functions in house, having both a relatively large intelligence team and an in house financial investigation team plus an embedded police officer.

The team consists of a project leader, who comes from a Trading Standards background, plus eighteen investigators, including specialist financial investigators, and an embedded police officer, all based in Birmingham. There are eight financial inclusion partnership officers (FIPO) managed by a senior FIPO on a hub and spoke model, with two FIPOs operating in each of the four regions covered by the team, with the senior FIPO based in Birmingham. The financial inclusion team comes together monthly in Birmingham. The team is further supported by a dedicated communications officer and two administrative officers.

The financial inclusion team offers a high-support, sign-posting model with a high degree of hand-holding in the transition to other agencies. The financial inclusion team also provides intensive witness support, with much of the team's broader financial inclusion efforts focused on witnesses.

3.4.2 The London team

The London team, established at the inception of the national project is a relatively small team which is responsible for all 32 of the London boroughs, albeit that there are issues with delegated authority in a number of those boroughs. The team are based in Tower Hamlets, with an additional site in Brent.

The London IML team face a distinctive set of challenges arising not only from the nature of the capital as a diverse community but also as the national centre of much organised criminal activity and as the home of various relevant national agencies, including both regulators and enforcement agencies. An important part of their work has thus focused on establishing relationships, partnerships and joint operations focused on illegal money lending with various organisations operating at national level (the FSA or the national Serious Organised Crime Agency for example) rather than a purely local level.

The team consists of a project leader, drawn from a police background, a senior investigator, an embedded police officer seconded from the Metropolitan Police and three investigators (two investigation posts currently being vacant). There is also a lead financial inclusion co-ordinator and financial inclusion project worker responsible for the financial inclusion and victim support elements of the project.

The financial inclusion and victim support element of the project's remit is delivered via a partnership with Toynbee Hall, which offers deep expertise and specialist resource around debt advice and financial and social inclusion more widely. The financial inclusion team operates on a distinctive client-led, goal-focused, appointment-limited model (based on four appointments and close case). The financial inclusion team are also distinctive in that research, formal tracking of client outcomes and building the knowledge base around illegal lending has been specified as part of the financial inclusion team's core duties from the outset and is built into their activities and modus operandi to a greater extent than is the case with other teams.

3.4.3 The Scottish team

The Scottish team, also one of the original pilot projects established in 2004, has now been running for five years. The team's remit covers the whole of Scotland though in practice the overwhelming majority of the team's work is in Glasgow, where the team are located.

Unlike the other former pilot team in Birmingham, which has expanded significantly, the Scottish team remain essentially the same team as delivered the pilot project, with the addition of a Financial Inclusion officer. There is no embedded police officer, in part because of funding issues and in part because of a lack of police interest in seconding an officer. The team rather relies for intelligence and operational support on Scottish police forces, notably the Strathclyde force. The team was originally structured on the assumption of intelligence support being provided by a regional intelligence officer within Trading Standards which would provide some formal connect to the nine Scottish police forces but for various reasons, in part to do with the ill health of the post-holder but also in part as a result of drift apparently arising from a lack of political will, intelligence support has not functioned as originally conceived.

The financial inclusion element of the team's work is focused primarily on awareness building with partner agencies rather than financial inclusion work with victims or witness support, in large part due to the difficulties faced by the team in engaging victims and witnesses against the background of an entrenched local culture of not engaging with the authorities more widely.

The team consists of a team leader, drawn from a Trading Standards background, a senior investigator, six investigating officers, primarily ex police officers, and a financial inclusion partnership officer.

3.4.4 The East Midlands team

This is a newly established, small, primarily investigative team, with a project-funded embedded police officer, covering also a relatively small geographical area.

Delivery of the financial inclusion and victim support element of the remit is covered by a partnership manager rather than a financial inclusion officer, with the main emphasis being on establishing relationships and building awareness with partners on the one hand and on victim and witness support on the other. The financial inclusion element of the manager's responsibilities rests on relatively light-touch sign-posting and awareness-raising with key partner agencies.

The team consists of a project manager, a senior investigator, a seconded embedded police officer, two investigators, an intelligence officer and a partnership and promotions manager responsible for external communications and partner liaison.

3.4.5 The North East team

The North East team is also a newly established investigative team. While separate from the smaller regional Scambusters team, it sits within the Trading Standards regional enforcement team alongside the Scambuster team and the regional intelligence officer serving the regional enforcement function and both the Scambuster and IML teams. The illegal money lending team consists of a team leader, three investigators and two financial inclusion officers plus a seconded embedded police officer.

The financial inclusion officers focus on both victim and witness support in addition to financial inclusion. They have adopted an approach of active support for the transition to partner agencies rather than of providing direct support to victims. They are however more active in providing direct support to witnesses.

3.4.6 The South West team

The South West team's delivery model is distinctive in a number of respects. The team is co-located and shares many resources and some elements of different funding streams with the Trading Standards "Scambusters" team, with the Scambusters team members also working on some IML investigations.

The area covered by the South West area is relatively large and diverse. Partly for this reason, team members all work remotely, coming together only for meetings.

This team have secured additional EU-sourced funding to support the intelligence activities of both the IML and Scambuster teams and partly as a result a further distinctive feature of this team is that it has adopted a highly technical approach to evidence gathering and seeks to avoid dependence on witnesses in building evidence. The team does not, however, have an embedded police officer

The two financial inclusion officers have divided this large region between them geographically, and so work separately, each covering their own area.

The team consists of a senior investigator who reports to the regional enforcement manager also managing the senior investigator on the Scambuster team. The team additionally includes four investigators, an accredited financial investigator and two financial inclusion partnership officers. A regional intelligence co-ordinator and an administrative officer reporting to the regional enforcement project manager support both the illegal money lending and Scambuster components of the regional enforcement team.

3.4.7 The Welsh team

This team, based in Cardiff, serves both North and South Wales, choosing to locate the team in a single location to support team cohesion but operating extensively in both regions. Although a small team, the team has an embedded police officer and in house financial investigative capacity.

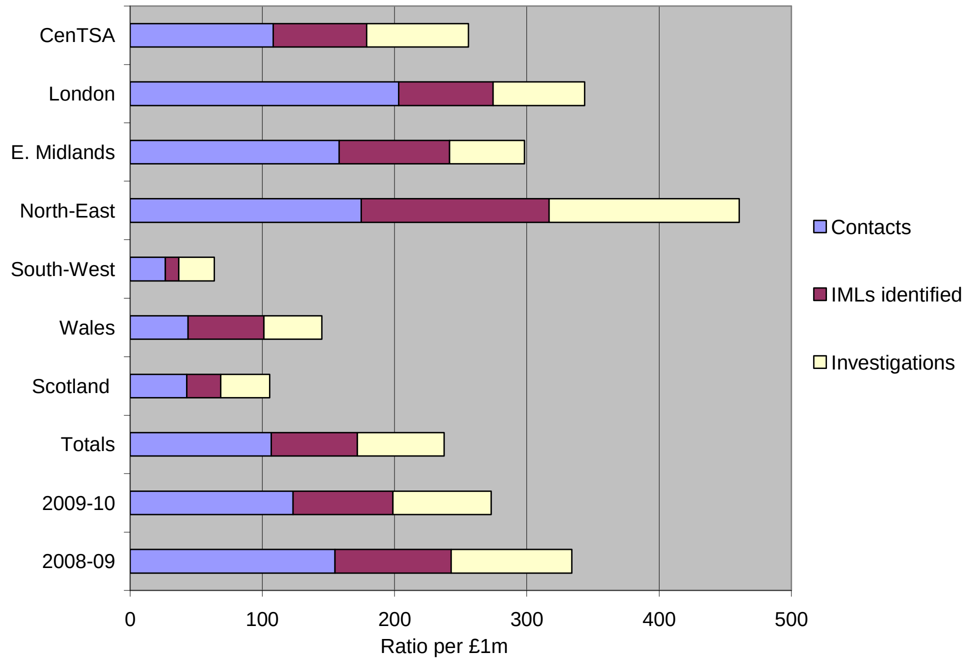
The financial inclusion element of the remit is undertaken by two client liaison officers who focus primarily on victim and witness support, providing direct advice and support in crisis situations and sign-posting to other agencies, but working also with some clients over the long term.

The Welsh team consists of a project manager, supported by an embedded South Wales police officer and a deputy manager, five investigators, a communications officer and two client liaison officers with one full time and one part time administrative officer.

3.5 Intelligence

The major differences in performance between the teams hinge critically on the ability to generate effective intelligence, the degree of engagement within the regional Police forces and whether their delivery model included an embedded police officer.

Chart 1: Intelligence per £1m funding



All of the teams have necessarily been re-active i.e. they have responded to intelligence as it has arisen, from whatever source. Those teams (notably CEnTSA in the Midlands and NW, Wales and the NE) that have engaged the police sufficiently to have them routinely capture IML intelligence and refer it on to the teams appear best placed on intelligence. Police intelligence in Wales have gone further in prioritising IML as an intelligence issue and starting to pro-actively generate intelligence on – and map IML – across Wales, which may offer a model for the future and illustrates what can be achieved with high level support from the police.

In the South West, despite some notable successes, and one particular case with an especially large loan book, a high proportion of the cases opened by this team had resulted in cautions and letters of warning rather than prosecutions, reflecting the relatively less serious nature of the cases involved. In this case, the relatively low level of intelligence may reflect the relatively low level of incidence of IML and the relative lack of deprivation in the region (the South West being almost the mirror image of the high performing North East in terms of deprivation).

Equally, however, in the context of the collective experience of the other teams, it would seem possible that the lack of intelligence and low activity levels relative to funding also reflect the lack of an embedded police office within the team and the relative lack of police engagement with IML within the regional police forces. The Scottish team, which also operates without an embedded police officer, and indeed with the support of a regional Trading Standards intelligence officer, has also found their effectiveness in generating actionable intelligence constrained by lack of direct access to police intelligence.

Indeed, the experience of the Scottish team also exemplifies the critical importance of high level sponsorship in relationships with the police. Despite the fact that community surveys consistently suggest that IML is most acute in certain parts of Scotland and the Scottish team has been established as a national project since 2004, the project has always struggled with political support and to fully engage the police, albeit that the police are collaborative and supportive on operations. Much of the country remains an intelligence black hole after six years of operation.

Some teams, notably CEnTSA and London, appear to have combined effective intelligence gathering and strong relationships with the police with an effective focus on operations creating the most detriment to victims. Some teams have clearly been dealing with cases with a higher degree of criminality and a greater degree of detriment to individuals than others, reflected in their relative share of more or less serious cases, the balance between cases that are resolved through warning letters and similar and those that are prosecuted through the courts and between prosecutions that do and do not result in custodial sentences. Clearly there are differences between markets but those teams that are dealing with more serious cases also appear to be those where intelligence is most effective. Conversely, the teams that are struggling with intelligence are tending to find that a higher proportion of intelligence that does arise relates to lenders that do in fact hold a licence or cases where lenders may not have a licence but whose lending is not necessarily high cost or supported by intimidation or violence. Some teams, notably CEnTSA and London, also take a more structured approach than others to focusing on, and prioritising, IML operations with a greater degree of detriment to victims, which also is reflected in results and the outcomes of prosecutions.

One of the other factors that differentiates the teams is the extent to which they were able to generate intelligence from the community. This appears to rest in part on confidence that the authorities will tackle the problem and that lenders will be removed. Intelligence thus tends to follow media coverage of arrests and sentencing while confidence appears greatest in those areas where arrests have been made. The CEnTSA project appears to have benefited considerably in this regard from effective use of media and communications around high profile cases, which has then been followed by an increase in intelligence from the public. In Scotland, on the other hand, where the outcomes of cases have not always sent the message to communities that lenders will be removed or that the courts take illegal lending seriously, victims and informants are much less willing to come forward.

The South West model provides an example of a team which has been closely integrated with other Trading Standards operations and in which intelligence rests on Trading Standards regional intelligence function, The team is co-located and comparatively integrated with the Scambusters team and line-managed within the same reporting and management structure, with the two teams also sharing administrative support. The two teams work closely together, with Scambusters staff sometimes participating in IML operations. Both teams are supported by a regional intelligence function and a sophisticated, integrated Trading Standards intelligence database. The South West intelligence function supporting the Scambuster and IML teams also benefitted from a number of other funding streams and the team had invested relatively heavily in high tech covert functionality.

The team had developed some information sharing protocols with the police and limited access to the Police National Computer but had no embedded police officer in the team and thus no direct access to police facilities and powers. The team leads were also active members of various regional intelligence committees alongside the police. However local police forces had not fully engaged with IML or fully appreciated either the harm done to the community or the degree of cross-over with other criminal activity. Despite the relatively sophisticated, data-driven approach to intelligence, this team was by some margin the worst performing in terms of incoming intelligence and actionable contacts and investigations commenced. This would seem to indicate that while technology can add value and capability, fundamentally it is relationship-building and the engagement of the police that is critical.

3.6 Scale

The issue of scale and efficiency is clearly a critical one. CEnTSA is much the largest in terms of funding received, accounting for one-third of total funding, and covering a large swathe of central England stretching from the North West to the South East. London is next largest at 13% with the remaining regions all much smaller, with their share of funding, being slightly less than 10%.

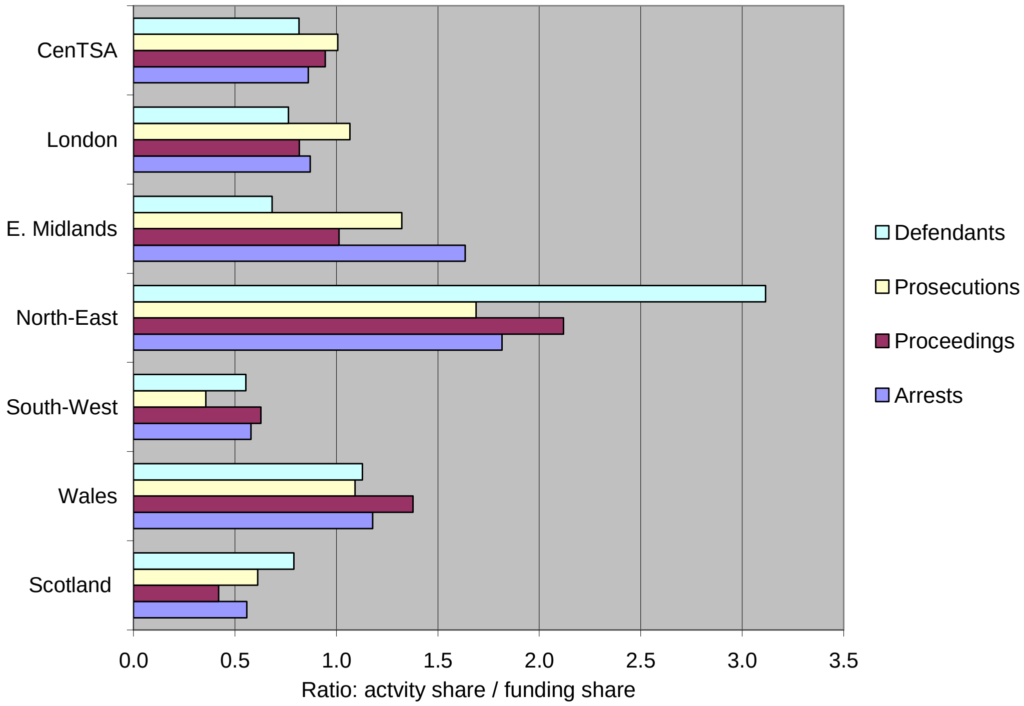
The CENTSA team was large enough also to include a broad mix of skills, including a specialist financial investigation unit, with this specialist expertise supporting all operations wherever based geographically. While the team had to set up in a number of new areas at the outset of the national project, it has benefitted also from the continuity of management, relationships and experience arising from the successful pilot project.

The large team has clearly benefitted from both a concentrated body of specialist expertise and economies of scale. CEnTSA's share of cases where custodial sentences have been handed down and of total length of prison sentences (at 50% and 58% respectively) is clearly ahead of its share of funding. Similarly, the team's results in terms of savings to victims and quality of life gains alone are comfortably ahead of the funding provided. This primarily reflects the large numbers of victims involved in the team's cases and in part the nature of the lenders on which the team has focused. However POCA gains are also substantial, reflecting not only the scale of operations targeted but also the in house financial investigation expertise built into the team.

On other measures, in terms of activity on arrests, prosecutions and intelligence received, however, it is less clear that the CEnTSA model is outperforming or delivering scale benefits. On the majority of these criteria CEnTSA is more in line with the average for all the teams in terms of share of activity relative to share of funding. In other words the results that CEnTSA is achieving do not entirely reflect scale economies but rather also an effective MO of targeted and prioritised activity and a strategy of focusing on larger cases.

The benefits of being close to the ground and having strong intelligence relationships with the police are demonstrated also by the small teams, who outperform CEnTSA in some respects relative to share of funding. Relative to the funding received, North East, East Midlands and London are more active in gathering intelligence via contacts leading to actionable investigations and in the identification of IMLs. The North East, one of the smallest teams, based in one of the highest concentration of illegal lending, is most active and is also prominent in bringing proceedings. Thus, some of the smaller teams have been able to achieve relatively high levels of activity on the key enforcement indicators The Welsh team, with higher funding per capita, reflecting the particular challenges in serving the disparate North and South Wales communities, also outperforms relative to funding on serious cases and prison sentences and has benefitted also from POCA seizures. The team also outperforms in terms of arrests, proceedings and prosecutions, in part reflecting the close working relationship with the Welsh police forces.

Chart 2: Enforcement ratios: Arrests, proceedings, prosecutions



Note: Ratio of 1 – share of activity equals funding share; Ratio less than 1 – share of activity less than funding share; Ratio greater than 1 – share of activity greater than funding share.

Taking the two perspectives together, there would appear to be a balance to be struck between the local presence and the ability to scale up to cover a wider area while retaining the capacity to maintain specialist functions. Moreover, there is also a balance to be struck between focusing on large lenders where success may bring relief to a large number of victims which needs to be set against the fact that many of the lenders oppressing deprived, often closed communities and collectively having a highly negative impact on quality of life are often small scale lenders.

3.7 Central versus regional focus

One of the other major issues for evaluating delivery models is the benefits of a centralised versus a regionalised approach. Certain of the teams provide some insights into the relative merits of a centralised and potentially even a national model, while others are clearly entirely regionally focused.

With its geographical scope, the CEnTSA team is effectively a scaled down version of a centralised model. In theory, the Scottish team have been a national team, being responsible for the whole of Scotland, though in practice throughout the period 2004–10 the team has done little work outside of their base in Glasgow and not at all in large parts of the country, including in the capital, Edinburgh. This experience also contributes lessons around what a centralised model might require to make it work.

The work of the London team, which has negotiated a number of national level protocols and arrangements – primarily because the capital is home to many key national bodies and partner agencies – also provides insight into the value and impact of national-level relationships.

The experience of the purely regional teams, including the South West, responsible for a large and diverse geographic area and the East Midlands and North East teams, both small teams responsible for compact and relatively focused areas, all provide insights into the merits and relative advantages or disadvantages of a regional presence and focus.

The Welsh team, responsible for all of Wales, falls somewhere between the central and regional extremes. The team cover the very different areas of North and South Wales, from their base in South Wales, despite significant initial opposition from authorities in the North who took the view that a dedicated operation for North Wales was the more desirable option.

Regional teams have a number of advantages, most notably in being familiar with their local IML markets, which can differ considerably from each other, and being close to local communities and the key partner agencies which are critical to intelligence on lenders and their operations. In the context of a Trading Standards hosted operation and the dependence of the teams on delegation of local authority powers, it is also useful and politic to have a strong regional connection. A local presence is also important in that it is in the nature of intelligence on IML that it tends to require extensive triangulation over time in the early stages of building a case while cases themselves can be quite dispersed, a mode of working which does not fit within a strictly “parachute in: parachute out” investigation model.

In some of the smaller regional teams (notably the NE and Wales), joint working with the police and police engagement with the IML issue, is beginning to bring some of these small teams closer to cases in which IML is emerging as an aspect of a range of damaging and criminal activities (mortgage and benefit fraud, drug dealing, sex work) impacting poor neighbourhoods and exploiting the most disadvantaged and vulnerable.

However there are undoubtedly advantages also to the centralised parachute in: parachute out model in that this model can be more flexible and better able to cope with both peaks of activity and larger cases. This reduces the risk of becoming over-stretched compared to some of the other teams. Other teams, have sought to overcome capacity and flexibility issues and achieve some ability to scale through occasional informal joint working between smaller regional teams, the solution that has been adopted by the London team when faced with large operations that are beyond their capacity to resource.

Several of the teams are already clearly facing capacity constraints, however. As operations continue to grow in scale and complexity and teams increasingly face resource constraints within their own regions, such joint operations, which require a high degree of forward planning and briefing, will be less efficient and effective than a dedicated mobile team used to operating in a variety of environments and with the added advantage of continuity in the preparation of cases for prosecution and of reporting to a single team lead.

3.8 In house versus outsourced resource and concentrations of specialist skill

While the largest team has a relatively full complement of specialist expertise in house, other teams either buy in expertise as required – legal skills for example – or outsource certain functions to the police, notably financial investigation, in the process also often ceding the value of POCA gains to the police also. Yet other teams have adopted a mix of the two approaches, progressing some element of financial investigations before handing the file over to the police, with the POCA benefits split to an agreed formula. In Scotland, while the team has two trained financial investigators, only a police officer is competent to carry out an investigation under POCA.

The CEnTSA model, of a concentration of specialist skills, appears to offer a number of advantages however. A key advantage of the centralised model – and indeed of scale – is that it supports the development of a core body of specialist expertise in skills areas that would be prohibitive or impractical for a smaller regional team to develop. Alternatively there is the risk that regional teams may duplicate effort or cost or potentially fail to transfer learnings or best practice effectively between teams.

Similarly a larger centralised operation would be able to afford to support some functions which would be uneconomic for a small team but which could be of great benefit to the national project as a whole. A good example would be media communications, as discussed earlier, a key driver of community intelligence. The Birmingham team appear to have made been most effective in deploying what was intended to be a communications officer for the national team and their success points up the value of the role. Such a function would be beyond the reach of a small regional team. For the future, better value for money would be obtained from more effective and strategic use of communications at national level, so that the benefits were felt in all regions and promoted awareness of the national project and the national brand.

The need for specialist skills is most critical to effectiveness and economy of delivery in two areas – legal expertise and specialist financial investigation. Painstaking, and resource intensive, financial investigations requiring specialist skills are a feature of a number of larger cases particularly and are key to effective POCA seizure and ultimately to realisations. Such large cases tend by nature to be occasional and often pursued over a long period, so that a critical mass of central expertise is a more efficient way of tackling such cases. Moreover, as the Birmingham team have also demonstrated, control over POCA funds will also enable the team to direct more of these monies back into the communities damaged by the activities of lenders.

The issue in the legal arena is not lumpy requirement for resource however but rather a lack of expertise in what is a new area of investigation for most regional legal services. As discussed in Chapter 6, a number of the project teams have experienced long delays in bringing cases to court due to a lack of specialist knowledge within the local authority legal services and inexperience on the part of Trading Standards legal officers and court officials, both of which are seen to lack understanding of complex IML cases.

Some teams report that a local body of legal expertise is being built up, albeit slowly, Across those teams, the effort would appear to be replicated in different regions. Conversely, other teams feel that this is not yet the case. For these teams, knowledge is not being transferred effectively between regions.

The contrasting experience of the Scottish and Birmingham teams is instructive in that both have been established since 2004. There are particular issues in Scotland and differences in the legal system of course. Nonetheless, the issue of delays within the court system is acute and long-standing. Delays and a perceived lack of legal expertise or understanding of IML cases within the Procurator Fiscal service has now been a critical issue for more than five years, with little or no progress being made in the period. By contrast, the CEnTSA team, over the course of the same period, have developed a body of local knowledge and expertise and an effective working relationship with the CPS, experiencing fewer delays and greater success in bringing complex cases to court. Overall, there would seem to be a strong efficiency and value for money case for centralising such specialist services. The Scottish experience, highlights however, that a centralised model is not of itself a solution, unless a number of key success factors are also in place.

Scotland is however a special case in that the legal system differs from that of the rest of the UK. Outcomes of prosecutions have often been disappointing, in part because of difficulties in getting credible witnesses into court. As a result, in a classic vicious cycle, although there is relatively high awareness of the IML team and their activities in Scotland, there is less confidence than elsewhere in the authorities' ability to prosecute lenders or protect witnesses. Again in large part the problems in Scotland arise from a lack of high level sponsorship and the lack of engagement of national stakeholders with IML.

The experience of the London team in working with national agencies, such as the FSA and SOCA, also highlights the value of national level arrangements and of sponsorship at sufficiently senior level to galvanise activity and make things happen. The information sharing and joint working arrangements that have been put in place by SOCA, to the benefit of all of the regional teams, who might otherwise have struggled to access specialist information and support on more serious cases, and the FSA's incorporation of IML into its consumer-facing, financial education and consumer protection activities are both cases in point.

3.9 The financial inclusion model

A wide range of models have been adopted in addressing the financial inclusion element of the teams' remit

There are considerable differences between teams in their approach to victim support and financial inclusion. Essentially the teams differ in:

- Whether delivery is by the team or through partnership with a domain expert (as in the case of Toynbee Hall in London)
- Whether the focus is on witness support or victims more widely
- The balance between awareness raising and education with community partners or direct support for victims
- The balance between efforts and financial inclusion and support more widely
- Extent to which the team offer direct support and / or a relatively high degree of hand-holding into services or sign-posting and transfer to services
- Whether support is open-ended or time limited

Different approaches have not met with any greater success in engaging victims or led to any more victims adopting sustainable alternatives to IML. As noted earlier in Chapter 4 on progress against objectives, none of the teams have been successful in meeting the financial inclusion objectives of the project, in large part for reasons beyond their immediate control. While all of the teams have achieved some truly transformational outcomes for some victims, none have been able to do so on any scale and, tellingly, none have succeeded in moving more than a very small number of victims into sustainable alternative credit.

Some of the major differences between the teams hinge on how they have responded to the difficulties in contacting and engaging victims and how far they have moved from the original financial inclusion objectives and the goal of supporting the generality of victims into financial inclusion.

All of the teams have tried hard to engage victims and to offer them support and referrals to advice agencies and affordable credit where appropriate, albeit that they have struggled and reframed their approach. The London team have made the most determined and systematic attempt both to engage the generality of victims, to offer financial inclusion support to all the victims they could reach, to track the outcomes of each case and to try and understand the needs of victims in relation to a sustainable transition to alternative sources of credit by means of systematic monitoring and research. Nonetheless, while they can point to individual successes, and the relief provided to witnesses and those victims who have engaged with the team is undoubtedly beneficial and greatly appreciated, they have not been any more successful than the other teams in achieving positive financial inclusion outcomes on any appreciable scale.

London has also been distinctive in operating a clearly goal-focused, time-limited, “four appointments and close case” model for the generality of victims (i.e. those not acting as witnesses). In so doing they have succeeded, as some other teams have not, in limiting the resource and time allocated to individual victims. For some other teams, support-hungry victims have often taken up a disproportionate share of time and resource without necessarily moving any closer to sustainable stability.

The South West and Scotland have been very much focused on the education and awareness-raising element of their remit, in large part by default in that they have struggled to contact or engage victims or to persuade those that they do of the benefits of financial inclusion. The East Midlands on the other hand has from the outset adopted this position as a strategy, seeing the financial inclusion element of their remit almost entirely in terms of signposting, building partnerships and education and communications more widely. The Welsh team originally adopted the opposite approach, providing intensive direct support sometimes over the very long term. The experience of this team, however, illustrates the limits of this approach in that as the pipeline has built, they have found themselves rapidly reaching capacity and no longer in a position to offer the same degree of hand-holding and direct support.

The large CEnTSA team have also taken a distinctive position, focusing essentially on providing intensive support to witnesses on the one hand and, on the other, focusing heavily on media communications to promote the message to victims that loan sharks can be tackled, that help is available and that there are affordable credit alternatives. This team have had some notable and transformational successes almost exclusively within the limited universe of witnesses on which the teams concentrate, but their experience illustrates the degree of intensive support it may require to transition very high risk borrowers to affordable credit. Perhaps as importantly, however, there is some evidence that the media activity around arrests of loan sharks itself may have some knock on effect in promoting local credit unions and increasing local membership, albeit many of those coming forward as a result of local publicity do not in fact appear to be victims of loan sharks. To this extent therefore, there may be a preventative effect at work.

Taken together the teams’ experience would seem to suggest that witness support is critical, that it requires intensive support and that with such support some transformational financial inclusion outcomes can be achieved, albeit that this would not be practical on any scale without very significant funding and resource.

The evidence of the community and victim surveys also suggests that the teams have been more successful at education and awareness building and that this may be the most effective route forward, allied to a strong focus on media communications.

It would appear also that while debt advice has much to offer victims, they are not likely to take advantage of it on any scale until the climate of fear can be overcome. Nonetheless it is clear that the removal of a loan shark brings significant relief for victims and improves their financial position in any case.

Perhaps above all, the financial inclusion effort demonstrates the limits of credit unions and social lending. The majority of victim types are simply not appropriate candidates for credit union and CDFI lending.

4.0 Costs and benefits tables

Table 4.1(A) Enforcement, 2007-08 to 2009-10: Investigations, Prosecutions and Sentencing

	Totals	Scotland	Wales	South-West	North-East	E. Midlands	London	CenTSA
Number of contacts received leading to actionable investigations	1,434	59	73	42	203	218	347	492
No. of illegal lenders identified	870	35	96	16	165	115	122	321
No. of investigations commenced	879	51	73	42	167	78	118	350
Number of illegal money lenders (loan sharks) arrested	280	16	41	19	44	47	31	82
No. of proceedings instituted[1]	163	7	28	12	30	17	17	52
• Prosecutions	96	6	13	4	14	13	13	33
• Other enforcement actions (cautions/letters of warnings)	58	0	9	8	16	4	4	17
No. of defendants	185	15	26	12	50	13	18	51
No. Prosecutions resulting in custodial sentences	28	0	8	1	1	1	3	14
No. Prosecutions resulting in non-custodial sentences	33	1	11	1	8	5	5	2
Total length of prison sentences (years)	56.1	1.0	9.8	0.7	1.0	5.5	5.3	32.8

[1] In Scotland, cases reported to Procurator Fiscal.
Source: IML Teams, Performance Monitoring Reports.

Table 4.1(B) Enforcement, 2007-08 to 2009-10: Investigations, Prosecutions and Sentencing – Per cent of total

	Totals	Scotland	Wales	South-West	North-East	E. Midlands	London	CenTSA
Number of contacts received leading to actionable investigations	100	4	5	3	14	15	24	34
No. of illegal lenders identified	100	4	11	2	19	13	14	37
No. of investigations commenced	100	6	8	5	19	9	13	40
Number of illegal money lenders (loan sharks) arrested	100	6	15	7	16	17	11	29
No. of proceedings instituted[1]	100	4	17	7	18	10	10	32
• Prosecutions	100	6	14	4	15	14	14	34
• Other enforcement actions (cautions/letters of warnings)	100	0	16	14	28	7	7	29
No. of defendants	100	8	14	6	27	7	10	28
No. Prosecutions resulting in custodial sentences	100	0	29	4	4	4	11	49
No. Prosecutions resulting in non-custodial sentences	100	3	33	3	24	15	15	7
Total length of prison sentences (years)	100	2	18	1	2	10	9	59
Funding								
Per cent of total	*100*	*10*	*12*	*12*	*9*	*10*	*13*	*34*

[1] In Scotland, cases reported to Procurator Fiscal.
Source: IML Teams, Performance Monitoring Reports.

Table 4.2(A) Value of assets seized / Proceeds of Crime (POCA) compensation awarded to victims, 2007-08 to 2009-10

	Totals	**Scotland**	**Wales**	**South-West**	**North-East**	**E. Midlands**	**London**	**CenTSA**
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
Amount of Cash seized	0.741	0.158	0.123	0.030	0.109	0.004	0.110	0.207
Estimate of value of assets Restrained under Section 41 POCA	8.146	0.513	3.041	0.000	0.192	0.000	0.000	4.400
Amount awarded by Confiscation or Forfeiture Order	1.902	0.000	0.136	0.073	0.025	0.062	0.012	1.595
Compensation awarded to victims	0.035	0.000	0.010	0.000	0.000	0.000	0.000	0.024
Total Criminal Benefit of loan shark	24.843	0.000	0.136	0.033	0.000	0.160	15.409	9.105
Total	**35.666**	**0.671**	**3.445**	**0.136**	**0.326**	**0.226**	**15.532**	**15.331**

Source: IML Teams, Performance Monitoring Reports.

Table 4.2(B) Value of assets seized / Proceeds of Crime (POCA) compensation awarded to victims, 2007-08 to 2009-10, per cent of total

	Totals	Scotland	Wales	South-West	North-East	E. Midlands	London	CenTSA
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
Amount of Cash seized	100.0	21.4	16.5	4.0	14.7	0.5	14.9	27.9
Estimate of value of assets Restrained under Section 41 POCA	100.0	6.3	37.3	0.0	2.4	0.0	0.0	54.0
Amount awarded by Confiscation or Forfeiture Order	100.0	0.0	7.1	3.8	1.3	3.3	0.6	83.9
Compensation awarded to victims	100.0	1.3	28.8	0.0	0.0	0.0	0.0	69.9
Total Criminal Benefit of loan shark	100.0	0.0	0.5	0.1	0.0	0.6	62.0	36.7
Total	**100.0**	**1.9**	**9.7**	**0.4**	**0.9**	**0.6**	**43.5**	**43.0**
Funding								
Per cent of total	*100*	*10*	*12*	*12*	*9*	*10*	*13*	*34*

Source: IML Teams, Performance Monitoring Reports.

Table 4.3(A) Financial inclusion indicators, through September 2009

	Totals	Scotland	Wales	South-West	North-East	E. Midlands	London	CenTSA
Victims whose details have been passed to sources of financial support	**534**	**14**	**171**	**118**	**41**	**37**	**58**	**95**
• CAB	122	1	36	38	10	10	9	18
• LA debt/money advice	146	9	99	20	5	9	0	4
• National debtline	15	0	0	11	4	0	0	0
• Credit Unions/CDFIs	128	3	7	47	12	12	10	37
• Other	123	1	29	2	10	6	39	36
Victims whose details have been passed to other sources of advice (e.g lifestyle counselling)	**144**	**0**	**7**	**7**	**13**	**1**	**60**	**56**
Victims applying for credit from credit unions	**43**	**0**	**0**	**13**	**2**	**2**	**2**	**24**
• Obtaining credit from credit unions	7	0	0	6	0	0	1	0
• Started saving with credit unions or other	8	0	0	2	0	0	0	6
Victims not wishing to seek new credit immediately	**250**	**3**	**2**	**4**	**27**	**23**	**37**	**154**
Victims requiring other support (e.g protection, rehousing)	**161**	**0**	**18**	**0**	**6**	**9**	**86**	**42**

Source: IML Teams, Performance Monitoring Reports.

Table 4.3(B) Financial inclusion indicators, through September 2009: Per cent of victims

	Totals	Scotland	Wales	South-West	North-East	E. Midlands	London	CenTSA
Victims whose details have been passed to sources of financial support	3.7	1.9	12.1	12.3	5.4	8.8	4.7	1.1
• CAB	0.9	0.1	2.6	4.0	1.3	2.4	0.7	0.2
• LA debt/money advice	1.0	1.2	7.0	2.1	0.7	2.1	0.0	0.0
• National debtline	0.1	0.0	0.0	1.1	0.5	0.0	0.0	0.0
• Credit Unions/CDFIs	0.9	0.4	0.5	4.9	1.6	2.9	0.8	0.4
• Other	0.9	0.1	2.1	0.2	1.3	1.4	3.2	0.4
Victims whose details have been passed to other sources of advice (e.g lifestyle counselling)	1.0	0.0	0.5	0.7	1.7	0.2	4.9	0.6
Victims applying for credit from credit unions	0.3	0.0	0.0	1.4	0.3	0.5	0.2	0.3
• Obtaining credit from credit unions	0.0	0.0	0.0	0.6	0.0	0.0	0.1	0.0
• Started saving with credit unions or other	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.1
Victims not wishing to seek new credit immediately	1.7	0.4	0.1	0.4	3.6	5.5	3.0	1.8
Victims requiring other support (e.g protection, rehousing)	1.1	0.0	1.3	0.0	0.8	2.1	7.0	0.5
Base number of victims	*14,291*	*750*	*1,409*	*959*	*755*	*420*	*1,237*	*8,761*

Source: IML Teams, Performance Monitoring Reports; Policis estimates.

Table 4.4 Gross benefit estimates by component

	Victims		Proceeds of crime			Health service savings	Total
	Savings to victims	QALY Gains	POCA awards / Seizures	Restrained	Criminal Benefit Assessed		
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
Scotland	0.349	0.458	0.165	0.528	0.000	0.148	1.647
Wales	1.124	0.857	0.270	3.055	0.136	0.277	5.718
South-West	2.281	0.578	0.104	0.000	0.016	0.189	3.168
North-East	0.684	0.459	0.136	0.192	0.000	0.149	1.620
E. Midlands	0.712	0.254	0.066	0.000	0.160	0.083	1.274
London	3.357	0.754	0.130	0.000	15.409	0.243	19.893
CenTSA	9.342	5.370	1.836	4.465	0.500	1.724	23.237
Total	**17.848**	**8.730**	**2.707**	**8.241**	**16.221**	**2.812**	**56.558**

Source: Policis estimates.

Table 4.5(A) Net benefit estimates by component (£m)

	Victims		Proceeds of crime			Health service savings	Total
	Savings to victims	QALY Gains	POCA awards / Seizures	Restrained	Criminal Benefit Assessed		
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
Scotland	0.228	0.299	0.165	0.292	0.000	0.096	1.081
Wales	0.735	0.560	0.256	1.691	0.017	0.181	3.440
South-West	1.491	0.378	0.097	0.000	0.002	0.123	2.091
North-East	0.447	0.300	0.132	0.107	0.000	0.097	1.083
E. Midlands	0.465	0.166	0.059	0.000	0.020	0.054	0.765
London	2.195	0.493	0.121	0.000	1.949	0.159	4.917
CenTSA	6.108	3.511	1.676	2.472	0.063	1.127	14.957
Total	**11.669**	**5.707**	**2.506**	**4.562**	**2.052**	**1.838**	**28.335**

Source: Policis estimates.

Table 4.5(B) Net benefit estimates by component: Composition of benefits (Row per cent)

	Victims		Proceeds of crime			Health service savings	Total
	Savings to victims	QALY Gains	POCA awards / Seizures	Restrained	Criminal Benefit Assessed		
	%	%	%	%	%	%	%
Scotland	21	28	15	27	0	9	100
Wales	21	16	7	49	0	5	100
South-West	71	18	5	0	0	6	100
North-East	41	28	12	10	0	9	100
E. Midlands	61	22	8	0	3	7	100
London	45	10	2	0	40	3	100
CenTSA	41	23	11	17	0	8	100
Total	**41**	**20**	**9**	**16**	**7**	**6**	**100**

Source: Policis estimates.

Table 4.5(C) Net benefit estimates by component: Per cent of benefits by region (column per cent)

	Victims		Proceeds of crime			Health service savings	Total
	Savings to victims	QALY Gains	POCA awards / Seizures	Restrained	Criminal Benefit Assessed		
	%	%	%	%	%	%	%
Scotland	2	5	7	6	0	5	4
Wales	6	10	10	37	1	10	12
South-West	13	7	4	0	0	7	7
North-East	4	5	5	2	0	5	4
E. Midlands	4	3	2	0	1	3	3
London	19	9	5	0	95	9	17
CenTSA	52	62	67	54	3	61	53
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Policis estimates.

Table 4.5(D) Net benefit estimates by component: Per cent of funding

	Victims		Proceeds of crime			Health service savings	Total
	Savings to victims	QALY Gains	POCA awards / Seizures	Restrained	Criminal Benefit Assessed		
	%	%	%	%	%	%	%
Scotland	17	22	12	21	0	7	79
Wales	44	34	15	101	1	11	206
South-West	95	24	6	0	0	8	133
North-East	38	26	11	9	0	8	93
E. Midlands	34	12	4	0	1	4	56
London	128	29	7	0	114	9	288
CenTSA	134	77	37	54	1	25	329
Total	**87**	**43**	**19**	**34**	**15**	**14**	**211**

Source: Policis estimates.