

Committee(s):	Date(s):
Port Health and Environmental Services	12 th September 2012
Subject: City of London Economic Crime Protocol	Public
Report of: Director of Markets & Consumer Protection	For Decision
<p><u>Summary</u></p> <p>This report seeks approval from members of “The Economic Crime Protocol for the City of London”. This protocol, the first in the UK, seeks to bring together enforcement partner organisations to provide an effective way of targeting economic crime and supporting the victims of economic crime.</p> <p>The overall intention of this protocol is to reduce economic crime within the City of London through a partnership approach involving all the regulatory agencies – the City of London Police, the Office of Fair Trading, the Financial Standards Authority and the Insolvency Service – as well as the City Corporation’s Trading Standards Service, by bringing to the issue, a wide-range of skills and expertise.</p> <p>The protocol also enables the agencies to agree to share intelligence, skills, knowledge and expertise and develop joint action plans to tackle all elements of economic crime in the City of London.</p> <p>The protocol supports Key Policy Priority KPP3 of the City of London’s Corporate Plan 2011-2015 and the fraud and economic crime priority of the Safer City Partnership.</p> <p>Recommendations</p> <ul style="list-style-type: none"> • That Members support and endorse this protocol 	

Main Report

Background

1. Economic crime affects all the population, and it is estimated that half the UK population is targeted each year.
2. The City Corporation has a duty to enforce various pieces of legislation, through its Trading Standards Service including:-
 - the Consumer Protection from Unfair Trading Regulations 2008;
 - the Business Protection from Misleading Marketing Regulations 2008; and
 - the Consumer Credit Act 1974.

3. All of this legislation plus other legislation that the City Corporation has decided to enforce such as the Fraud Act 2006, seek to control fraud and scams.
4. There are other enforcement bodies concerned with the regulation and control of fraud:-
 - the City of London Police – who enforce the Fraud Act 2006 and related legislation, are the national lead force for fraud, and host the National Fraud Intelligence Bureau and Action Fraud;
 - the Financial Services Authority – who enforce the legislation relating to financial institutions including businesses offering collective investment schemes such as landbanking; and
 - the Insolvency Service – who are responsible for the conduct of companies and directors

being the principal ones in the City.

5. Each of these regulators deals with different aspects of fraud. For example Trading Standards may be looking at breaches of the Consumer Protection from Unfair Trading Regulations and the Insolvency Service will be examining whether the trader is a fit director under the Companies Act and whether the trading practices of the company are such that it ought to be wound up on the grounds of public interest.
6. There are also a number of other bodies that seek to deal with the victims of crime, the City Advice Service, Victim Support and local Adult Social Services teams.

Current Position

7. The approach to dealing with fraud and scams up until now has been fragmented and uncoordinated, with each enforcement body often dealing with matters in isolation, without involving any obvious partners and sometimes two bodies have dealt with the same issues without realising it.
8. However, there have been efforts made in recent years to coordinate intelligence and efforts. The National Fraud Intelligence Bureau coordinates and disseminates intelligence relating to fraud and Trading Standards have Regional Intelligence Officers. There are two ways that citizens can report crime, through Action Fraud and through the Citizens Advice Consumer Service and these have all assisted in providing a less fragmented approach to economic crime. Finally, the City of London Police are the National Lead Force on Economic Crime and this ground breaking piece of work fits well with this lead role.
9. As part of our business planning process however, it was identified that more work was needed to be done and it was felt that a joint approach to which all partners could sign up was essential, so that all roles and referral pathways were clear.
10. The **Safer City Partnership** whose role is to reduce the level of crime, disorder, anti-social behaviour and substance misuse in the City of London by partnership working between the Police, the City of London Corporation and other partners.

11. The City Corporation's Trading Standards were approached and agreed to become involved by first scoping out the project and then by developing a protocol with funding from the **Safer City Partnership**. This is the first initiative of its kind in the UK and it is hoped that it will be a model for other partnerships.
12. The **Safer City Partnership** Strategy Group had already agreed the following priorities for 2011-2014:
 - antisocial behaviour;
 - domestic abuse and violence against women and girls;
 - reducing re-offending;
 - night-time economy issues;
 - fraud and economic crime; and
 - counter terrorism

the Economic Crime Protocol clearly fits within the scope of these priorities.

13. The protocol seeks to inform, coordinate effort and educate partners as to the agencies involved and the options for seeking compliance from offenders and support for victims.
14. The objectives for resolving economic crime in the City of London are:
 - **Working with partner organisations** - to deal with economic crime in the most effective way;
 - **Awareness** – needs to be increased in order that members of the public and specifically groups identified as being particularly vulnerable to scams can protect themselves;
 - **Disruption of the fraud network** – by focussing on the web, telephone communications and finance;
 - **Enforcement against the perpetrators** - enforcement action can take many forms from undertakings, injunctions, cautions to prosecution; and
 - **Support for victims** - whilst it is unlikely that victims will be able to get their money back, victims can need support in stopping the scam and avoiding becoming victims again in future.
15. The protocol also provides a focus around which partners can meet, exchange and elaborate upon intelligence gathered and generally discuss matters of mutual concern. There have been several successful meetings already to discuss action on matters such as:-
 - **land banking** – the sale of plots land with alleged development potential as an investment opportunities at grossly inflated rates;
 - **wine scams** – speculative investments in wine held in bonded warehouse cellars that will allegedly increase in value with maturity; ,and
 - **email scams** – any electronic communication relating to fake prize draws, misdescriptions of goods, offers to sell lotions and potions etc.

and this coming together has enabled the partners to identify a lead agency in each case and plan action accordingly.

16. Finally, there has also been a small launch event to bring together partners and celebrate the completion of the agreement.

Proposals

17. Members are asked to support and endorse this protocol, which will lead to improved efficiency, better communications, more targeted enforcement and an improved experience for victims of economic crime.

Corporate & Strategic Implications

18. This protocol meets the City of London's Corporate Plan 2011-2015 Key Policy Priority below by engaging with the City London Police and national regulators on economic crime:-

KPP3 - Engaging with London and national government on key issues of concern to our communities including police reform, economic crime and changes to the NHS.

19. The development of the protocol is also a commitment within the Department of Markets and Consumer Protection's Business Plan 2012-2015.

Implications

20. There are no financial, HR or property implications
21. The City Solicitors, City Police and Community Services have all been consulted in the writing of this report.

Conclusion

22. This report discusses the present fragmented approach to the resolution of economic crime between enforcement partners and proposes a protocol to improve efficiency, communication and victim experience.

Background Papers:

None

Appendices

An Economic Crime Protocol for the City of London

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