



# **ANNUAL REPORT**

**2014-15**

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## Chapter 1 - Introduction

This report outlines the work that has been undertaken and commissioned by the National Trading Standards Board ("the Board") and its teams between 1 April 2014 and 31 March 2015.

The financial report is provided under separate cover by the Chartered Trading Standards Institute.

The Board set the following Strategic Priorities for National Trading Standards for 2014/15

Protecting Consumers – Safeguarding Businesses				
Objective 1	Objective 2	Objective 3	Objective 4	Objective 5
Ensure effective governance arrangements for the delivery of national and cross boundary consumer protection activities	Embed the framework for sharing intelligence more effectively and efficiently in order to identify and tackle emerging threats	Ensure effective delivery of national and cross boundary enforcement projects	Leading the coordination, collaboration and communication of local, regional and national consumer protection enforcement	Deliver a programme of animal feed hygiene enforcement to improve the UK enforcement landscape and help ensure the safety of the food chain.

Table 1 – Strategic Priorities 2014-15

The Board had a National Control Strategy for 2014/15 that was developed having regard to the National Strategic Intelligence Assessment. It helped inform and direct the work of the Board and its enforcement Teams and projects and outlined the priorities for prevention, intelligence and enforcement activities. The Control Strategy also linked the work done by trading standards services, to that being done regionally and nationally. The Control Strategy is NOT designed to require local authorities to undertake activities at a local level. This remains a matter for local authority service planning in accordance with local priorities. However, local authority priorities input into the National Strategic Assessment which then influences this Control Strategy.

The report comprises qualitative information about each of the funded enforcement projects and additional work undertaken. This report is designed to provide an overview and examples of cases rather than a full breakdown of activity. .

**In 2014/15 National Trading Standards Teams and workstreams delivered the following:-**

- **12,500 Feed interventions**
- **Dealt with over £252 million in consumer and business detriment**
- **Had 100 people convicted of offences**
- **Courts imposed fines of over £285,000**
- **Prison Sentences totalling over 118 years were handed down.**

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## **Chapter 2 - Programme Office, Policy and General**

### **2.1 Programme Office**

The Programme Office for National Trading Standards (NTS) is provided by ACTSO Ltd. It is funded primarily from a grant from the Department for Business Innovation and Skills (BIS) but also receives income from other Government Departments and Agencies for the provision of technical policy support and other services. The Programme Office structure for 2014/15 is contained in Annex 1. In 2014/15, the cost of the Programme Office equated to 3% of the funds managed.

### **2.2 2014/15 Funding**

At the mid year and January reviews, the Board did not rescind any monies back to BIS as it predicted full spend re-allocating funds from any predicted underspends to new demands. In addition, in December BIS allocated a further £400,000 to NTS. The Board had been given a financial target of being within 1% of its BIS grant allocation. The Board decided, due to demand, to overallocate its budget by 1%. At end of year, the grant was £54,440 overspent on this final grant (i.e. 0.4%). BIS have agreed to fund this overspend.

NTS was given a financial target of being within 5% of its FSA feed funding allocation of £3,001,000. At year end the fund was £92,000 underspent (+/- £7000 due to outstanding reconciliations). This is 3% of the overall fund. A full funding breakdown for 2014/15 is shown in Annex 2.

### **2.3 2015/16 Grant**

The BIS grant was set at the same level as for 2014/15. The Feed funding was reduced by 1% for 2015/16. The Board agreed its allocations for 2015/16 and these are shown in Annex 3. In relation to the BIS grant, this involved a key shift in re-allocations of its deployable enforcement budget in line with priorities outlined in the strategic assessment.

### **2.4 Governance Structures**

The Board has established governance groups for each its key work areas. Each region has a full Board member and a deputy. The governance groups comprise 2 or more members representing the Board (either full members or deputies), relevant project leads and support from a Programme Office member of staff. These provide the main oversight and drive for the work within each project area. The full Board is advised of progress at regular intervals and matters requiring decision or steer at Board level are referred up to them. In January, NTS rationalised some of its governance structures to ensure that the oversight provided was proportionate to risk. A governance map, containing all the various governance arrangements, policies and delegations is available on the NTS pages of the ACTSO website. All governance groups' terms of reference have been updated to have clear delegations and a common approach.

### **2.5 Consumer Protection Partnership**

The Consumer Protection Partnership was a priority work area for 2014/15. The Chair and Programme Director participated on the Strategy Group and the Programme Manager supports the Operational Group. In addition, Grayling, National Trading Standard's communications experts, participate in the Communications group.

The main focus for the Partnership's work for 2014/5 was the better sharing of intelligence across the partner organisations. NTS led on the CPP workstream relating to doorstep crime. In January, the partnership agreed its priorities for 2015-16. NTS will lead on the priority area relating to on-line markets and subscription traps.

## **2.6 Doorstep Crime**

For 2014-15, NTS led on doorstep crime on behalf of the Consumer Protection Partnership.

The Doorstep Crime Working Group delivered on its plan of joined up activity and collaborative working. One major area of activity was the delivery of National Consumer Week, the focus of which was doorstep crime. The initial review process showed that it was an excellent collaborative programme of activity that had produced excellent results. It was accepted by partners that it was one of the best National Consumer Week's so far delivered with good profiling and multi-level activity. The full evaluation report is being produced by Citizens Advice and Chartered Trading Standards Institute which will provide a report on impact and identify general lessons learnt for future campaigns. Grayling has been shortlisted for an award for their work in this area.

A doorstep crime conference was delivered in October which focused on third sector and financial sector partnerships. The conference was well received with excellent feedback.

The conference was followed up with a training sessions on doorstep crime to partner organisations to highlight its impact and improve the collection and sharing of intelligence and information and the notification of incidents. The Working Group have also produced a toolkit of best practice and scoped an on-line enforcement training package for Trading Standards partners. COSLA remade the original "The Bank Job" DVD, to make it available in an updated form to the financial sector, for use in training front line staff and raising awareness of doorstep crime.

The enforcement part of the project had two main strands. The first was a pilot project in Yorkshire and Humberside region that concentrated on a targeted collation of intelligence on all reports of doorstep crime over a three month period. The capture of reports and analysis led to the identification and investigation of a major doorstep crime gang operating in the region. The targets were arrested and a prosecution is in progress. The second strand was an extensive collaborative initiative with the Police where intelligence is being shared and analysed to identify the top 10 doorstep crime gangs in the country. There is the early prospect of the first investigation being tasked to one of the NTS Scambuster Teams very shortly.

Due to some delays, beyond the control of NTS, one the pieces of academic research has been slightly delayed and as such the formal closing report will now be received in May 2015. This will more fully report on the activity that has taken place during 2014/5 with recommendations for future action so that progress and advances made can be sustained

## **2.7 TSI Conference 30 June - 3 July 2014**

At this year's TSI Conference, NTS showcased its work in a 'hub' of six stands. The NTS e-Crime, Illegal Money Lending, Intelligence, Ports & Borders, Scams and Scambusters Teams were present and provided staff so that their stands had knowledgeable people available at all times to speak to the numerous visitors.

All the Teams present, including the Estate Agents Team and the Lettings and Doorstep Crime Projects, provided information for a newsletter or infographic to illustrate their recent successes. The National Trading Standards Intelligence Team were able to demonstrate tools they use such as, Maltego open source intelligence software. The National Trading Standards eCrime Team's copycat video guide was well received. This NTS "hub" provided a focal point for Trading Standards colleagues to meet and enabled numerous new contacts to be made. Having the Teams all together for the first time and the joint branding emphasised that they are all part of the National Trading Standards work.

## **2.8 Communications and Media**

The Board commissioned Grayling to provide enhanced communications support for 2014/15 whilst continuing with its arrangements for reactive media support via CTSI. A full programme of stakeholder engagement meetings between Lord Harris and senior key stakeholders is now in place

There has been good coverage of cases in local and regional media and significant articles in national press relating to the NTS Teams. This included major campaigns on copycat websites, doorstep crime and ports safety.

The Programme Office remains responsible for direct communication with the trading standards community via TS today articles and via its email bulletins which almost 900 Trading Standards professionals have now signed up to. Work has continued to develop an NTS website and this should go live by May 2015.

## **2.9 Support to BIS**

The Programme Office continues to provide BIS with support in answering parliamentary questions, freedom of information requests, Ministerial correspondence and press enquiries.

## **2.10 Strategic Policy Work**

The Programme Director continues to provide high level policy advice and briefings to heads of trading standards via the ACTSO network as part of the Programme Office work and also provides support to the ACTSO Chairman.

## **2.11 Technical Policy Support**

### **Product Safety**

As part of the work of the Programme Office, the Board agreed to continue to provide 1 day per week technical policy support to the Product Safety Focus Group as this is a BIS policy area and also links with the Safety at Ports work. This was supplemented by BIS who paid for an additional 1 day per week support for the group.

The Group is made up of a representative from Wales and each of the nine regional groups in England, with a standing invitation to one representative from Scotland and Northern Ireland, with representatives from BIS, Department for Communities and Local Government and the Chartered Trading Standards Institute. Its purpose is to facilitate consistent enforcement of consumer product safety through the dissemination of advice, guidance and good practice. The knowledge hub, with almost 600 members, is the primary mechanism for dissemination of product safety information to the wider Trading Standards community. This year, in response to requests from officers in the field to

make it available in a more usable format, RAPEX information which details notifications of unsafe products, is now posted on the knowledge hub on a monthly rather than annual basis.

The Group meets twice a year with work done in the interim via email and smaller working group arrangements to deal with issues as they arise if needed. Work this year includes the issuing of joint guidance with the British Blind and Shutters Association, endorsed by the Association of Chief Trading Standards Officers, on the safety of internal window blinds which have caused fatalities. A response to the Commission questionnaire on the first five years of the Toy Safety Directive was compiled in May. In June, the Chair of the Group presented at the International Product Safety Week in Brussels on the campaign to distribute safety posters; 103,000 posters on button cell batteries, nappy sacks, liquidabs and internal window blinds were printed and distributed in England and Wales.

During this year the inquest was held into the death of Santosh Benjamin Muthiah in 2010, following a fire caused by a Beko frost free fridge freezer. The Group were consulted on the recommendations subsequently put forward by Hertfordshire Trading Standards and the London Fire Brigade which the coroner accepted in full. These included the introduction of fire resistant labelling on white goods to ensure traceability, a more effective database for white goods involved in fires and better reporting of dangerous incidents involving white goods to which the Fire Service are called. The Group has contributed to the subsequent BIS review of the Product Recall System, led by Lynn Faulds Wood

The Group also collated data on enforcement and market surveillance activities related to product safety under the General Product Safety Directive and Union harmonisation legislation imposing product safety requirements for harmonised products which BIS presented in the Commission's annual Consumer Markets Scoreboard, a tool to help assess the performance of consumer markets across Europe. It was also asked for input into the Commission's sub group 'Safety of Products Sold Online' as well as being asked to contribute to the work on collation of statistical data for all Market Surveillance activities relating to the consumer and industrial product categories of the BIS Product Regulations Team. In addition, the Group has been asked for contributions on various proposals on amendments to legislation including the Pyrotechnics Articles (Safety) Regulations 2010 as well as views on legislation already implemented including the Supply of Machinery (Safety) Regulations 2008.

## **Fair Trading**

The Board continues to support 1 day per week technical policy support for the Fair Trading Expert Panel.

The Panel consists of a representative from Wales and each of the regions in England, together with standing invitations to representatives from Scotland, the Chartered Trading Standards Institute and the Primary Authority Supermarkets Group. The purpose of the group is to act as liaison between local authorities, regions, central government and other stakeholders and to provide guidance and technical expertise to facilitate consistency of enforcement and to encourage engagement with EU bodies and agencies.

During the year the Panel answered queries on pricing, travel and the renewable energy sector. It responded to BIS' consultations on Guidance for the Enhanced Consumer Measures and Investigatory Powers proposals under the Consumer Rights Bill, and the Advertising Standards Authority's consultations on Sales Promotion Rules. It also provided responses to the Competition and Markets Authority's consultation on its Draft Guidance on Unfair Contract Terms and the Advertising Standards Authority's consultation on the rules on Distance Selling.

The Panel supported the work of the Chartered Trading Standards Institute by responding to its consultations on the Approved Trader Scheme and Review of the Pricing Practices Guide – Call for Evidence, and by providing representatives at various CTSI workshops on pricing issues.

## **Food Standards and Labelling**

The Association of Chief Trading Standards Officers have continued to provide technical policy support to the local government Food Standards and Labelling Enforcement Group, funded by the Food Standards Agency, using the Programme Office infrastructure.

The group had 3 meetings in the 2014-15 year to reflect the level of change in the area, in particular relating to implementation of new over-arching food labelling legislation coming into force at the end of 2014. Utilisation of the Knowledge Hub forum has been particularly strong in the last 2 quarters of this year, providing information and support during commencement of the new food labelling law.

The Programme Office continued dialogue with the Food Standards Agency following the outcome of the Elliott review into the horsemeat incident, which was published in September 2014. The Food Standards Agency has now set up its Food Crime Unit and its current position is to use this to build its intelligence hub and provide support to local authorities, where required, via in-house expertise. This situation may be reviewed in future and the Programme Office will continue to engage on this.

## **Internet food sales**

The Food Standards Agency asked the Programme office to peer review a report it has commissioned into the risks posed by sale of food products over the internet. The Programme office continues to engage with the Agency regarding the issue of internet food sales and whether it could utilise the NTS infrastructure on a discretely funded basis to help target this matter.

## **Cold Stores Project**

The Food Standards Agency asked the Board to oversee a project to look into the issue of the use of cold stores by food brokers. Linked to outcomes of the Elliott Review, the aim of this project was to gather information and intelligence on food brokers to inform guidance, good practice and the operation of official controls. The final report was submitted to the Food Standards Agency at the end of November 2014. The main findings included:

- In both pilot regions it seems that open source research was more effective at identifying unregistered food brokers than visits to cold stores, though due to the numbers involved it is difficult to state this definitively.
- There is a lack of awareness around food brokers in local authorities. Registration of food brokers as food business operators is variable and often they are not registered at all.
- The Food Standards Agency is proposing guidance to assist local authorities in the identification of, and interaction with food brokers. This could include guidance on the use of visits to cold stores to identify food brokers as well as basic information on the methods used for identification through open source research. It could also include advice on registering food brokers as food business operators and interaction with food brokers. It should further include advice on communication and liaison between local authorities, traceability enforcement and sampling.
- It is further understood that the Food Standards Agency is proposing a revision of the food Code of Practice to clarify that food brokers should be registered. This would be helpful to inform local authorities and to provide a standard identification code to record food brokers against.



- In relation to the concerns raised in the Elliott interim report, the purpose of identifying food brokers is to try to secure further compliance with official food controls and ensure that food in the food chain is safe and authentic. Simply identifying unregistered food brokers may not contribute significantly to this. These businesses will need to be considered in the context of the finite resources that local authorities have. These are particularly challenging matters in a climate of shrinking resources and emphasis on better regulation. Risk rating of food brokers for intervention in terms of both food hygiene and food standards therefore requires some careful consideration.

### **National Agricultural Panel**

As part of the Food Standards Agency funded feed programme, the Programme Office provides 1 day per week technical policy support for the National Agricultural Panel. The group has published guidance on compliance scoring, and continues to work to finalise the Alternative Enforcement Strategy, guidance on sampling and a strategy with the primary authority supermarkets group chair to develop a more consistent approach to surplus food enforcement.

The Panel plays a key consultative role in the shaping of the NTS feed delivery mechanisms and discussed the integration of this process with Food Standards Agency returns to reduce local authority burdens. The Panel also ratified the 3 model feed hygiene inspection documents for England and Wales, which are to be used for all National Trading Standards funded inspections, and it is hoped for all inspections and should drive consistency in outcomes.

This has been a busy year for the panel members who have in most cases taken on the role of regional lead for the feed delivery programme within their region.

### **National Animal Feed at Ports Panel**

As part of the Food Standards Agency funded feed programme, the Programme Office provides ½ day per week of technical policy support for the National Animal Feeds at Ports Panel. The panel has published its consistency and prioritisation guidance. This has been a busy year for the panel members who have in most cases taken on the role of regional lead for the ports element of the feed delivery programme within their region. The programme office has also visited two large ports (Southampton and Felixstowe) to better understand their local systems.

### **Animal Health**

ACTSO provide 3 days per week support for animal health and welfare work, funded by Defra, using the Programme Office infrastructure. Over the last year the Programme Office had three main objectives.

1. To provide ongoing policy support to the National Animal Health and Welfare Panel.
2. To review and update the Local Authority Exotic Notifiable Animal Disease contingency plans.
3. To provide additional support to Defra in the event of a disease outbreak.

The progress of this contract was monitored on a quarterly basis and all elements fulfilled. Defra and the Animal and Plant Health Agency (APHA) are satisfied with the performance of the contract which is helping to improve communications between Central and Local Government animal health services. Currently funding for the contract is in place until 31 March 2016.

Contract performance during the last year can be summarised as:

- The Panel has noted significant improvements in the organisation of its operations and administration.
- The refresh of the contingency plans was completed on schedule in February 2015. A number of local authorities and some local resilience forums across England and Wales have/are planning to adopt this national template.
- ACTSO provided national representation and coordination for local authorities in responding to two disease outbreaks during 2014-15. This involved attendance at National Disease Control Centre meetings and the provision of two-way communication support between Defra/APHA and local authorities.

ACTSO believed this national co-ordination and communications role worked very well and local authorities have provided positive feedback about the support and reassurance that they received during outbreaks. The outbreak did highlight the resource limitations of the current contract, which will need to be carefully monitored in future situations. An internal review on ACTSO's operations during the outbreak was been completed in March 2015. Feedback was excellent and the Programme Office have carried out internal training to ensure other staff members know and understand the role required, should additional cover be needed.

The National Animal Health and Welfare Panel met on a quarterly basis. Some of the key issues and themes discussed included:

- The avian influenza outbreak in Wales and Yorkshire.
- Continuing the Panel's increased focus on intelligence. An additional workshop was held to demonstrate the Defra find-it software which pools a number of datasets relating to farms. The Panel unanimously believed this software would aid local authorities and other regulators with their work to ensure compliance and hope Defra will decide to roll this software out across England.
- Providing support to Defra regarding the consultation for the new EU animal health regulations. This will include representatives from Defra delivering a workshop on this matter at the next Panel meeting in September.
- The Panel will be producing guidance for local authorities on defining canine age and accessing pet microchip information ahead of the pet travel regulation changes in December.

The Panel and ACTSO conducted a survey on local authority capacity, business support and industry compliance for animal health work. This was run in partnership with Defra and the Animal and Plant Health Agency over the summer and received a high response rate (79%). Full results of the survey were published in November. The headline finding was that there has been a loss of experienced staff and cuts of 45% to local government animal health services.

For the coming year ACTSO will continue to support Objectives 1 and 3 and currently awaits new project instructions from Defra and APHA. Work for the Panel will include supporting the production of TB enforcement guidance and an animal welfare complaints protocol, as well as encouraging the collection and logging of animal health and welfare intelligence.

## **Chapter 3 - Feed Funding Delivery Programme**

### **3.1 Background**

During 2013 the NTS and the FSA reviewed the existing delivery landscape for feed enforcement and agreed to work on implementing a new national delivery model for England. In April, 2014 the NTS, the FSA and the CTSI signed a three year MOU to deliver inland feed enforcement activity and also at points of entry for the period 2014/15 to 2016/17. The aim of this new model is to have a national delivery programme that satisfies the FSA and European Union Food and Veterinary Office (FVO) by the end of 2016/17.

It was agreed by FSA and Welsh Government that a different delivery approach would be implemented in Wales.

Prior to 2014, as a national picture, local authorities were deemed to failing in their duties to deliver feed enforcement. At one stage, the UK faced 16 FVO recommendations and was on the verge of receiving EU sanctions. There was an inconsistent approach to delivery by local authorities and no appropriate national governance structure in place to ensure funding and delivery were focussed in the higher priority areas. In 2011/12 only 44 local authorities were engaged with the FSA in respect to feed delivery funding.

Since 2011/12, the FSA have provided funding directly to local authorities for feed enforcement activities. In 2011/12 and 2012/13, local authorities who engaged with the FSA made funding applications based on the FSA's predetermined activity fees. In 2013/14 the FSA provided funding and delivery contracts with four "pilot" local authority regions and individual local authorities.

During 2013/14 the NTS worked with the FSA in a partnership team to set up the delivery principles and processes for 2014/15 and beyond. This involved developing a model to identify the actual annual national delivery requirements, a new national funding allocation model and a national reporting and monitoring process. The partnership team agreed that the FSA would provide funding for:

- Regional co-ordination funding
- Project and Financial Management via NTS
- Food hygiene inspections at feed premises
- Inland feed premises inspections
- Port control work in respect to 3rd Country imports
- Sampling programme
- Project work in respect delivery improvements

As part of the partnership, a Feed Governance Group was set up. This comprises NTS Board members and senior officials from the FSA. The first year of the delivery programme has been one of implementation, development of processes and commencement of a longer term delivery improvement programme to ensure effective and efficient delivery. The Governance Group termed 2014/15 a 'transition year' with the changes taking place in this first year a vital part of creating an evidenced based, transparent and effective value for money delivery model

### **3.2 Key Achievements**

- Development of a clear national inspection programme - 99.6% of all due inland feed and food hygiene inspections achieved. 100% Points of Entry activities achieved

- Delivery of all high risk inspections as a priority and national funding allocated towards those higher risk premises. Historically FSA grant funding was used to deliver lower risk inspections in the majority. The NTS allocation methodology has ensured high risk work is delivered as a priority.
- Development of the first ever national delivery programme for England, supported by all 9 trading standards regions with individual regional plans via individual local authorities with overall engagement levels currently at 97% which equates to 141 of 147 authorities local authorities.
- Through the desk top model, for the first time, have implemented a phased plan to bring all previously uninspected feed hygiene premises within the local authority enforcement regime.
- Delivery of the first ever national feed sampling project monitoring the carryover of veterinary medicinal products as part of addressing a 2014 FVO audit recommendation.
- A greater consistency of local authority approach through the introduction of model inspection documents, the development of guidance on assessing levels of compliance and guidance to focus activity on 3rd country imports at points of entry.
- Set up a national delivery system which drives innovative regional working, which in turn reduces the burden on some individual Local Authorities in respect to critical mass issues.
- Through publication of comparative research on feed sample analysis costs, have driven value for money and enabled authorities to negotiate more cost effective delivery models.

### 3.3 Key Performance Indicators

Numbers of inspections delivered as a % of contracted.	99.6%
Numbers of engaged authorities. (i.e. numbers who completed the desktop process)	95%
National profile of numbers of premises in each compliance category. (to show a movement towards compliance over time)	<i>See graph below.</i>
Numbers of non-compliant samples & percentage followed up.	No return <sup>1</sup>
Budget spend at year end within 5% of estimated	Project came in at 3% underspend this year within the agreed budget spend.

Table 2 – KPI results for 2014/15

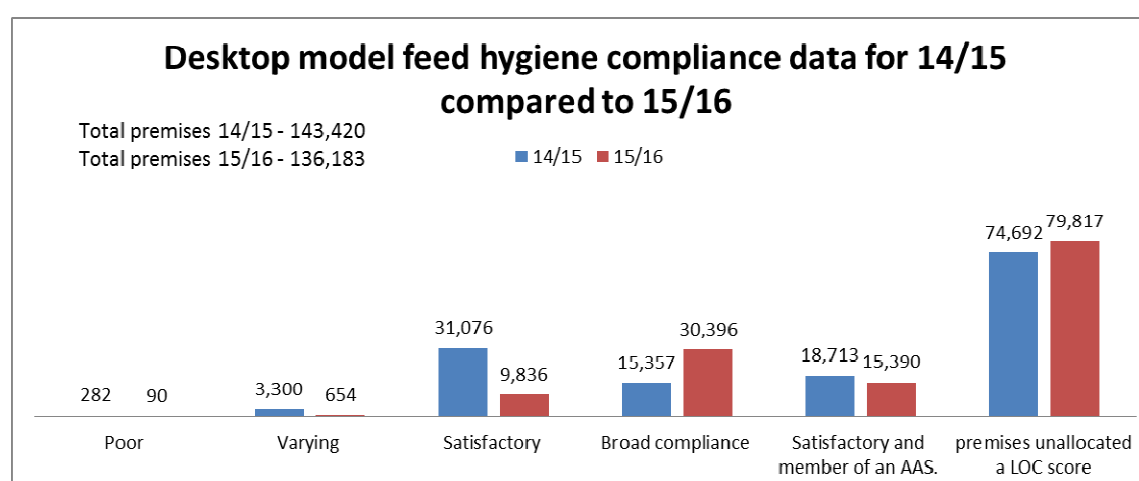


Figure 1 – Feed Hygiene Compliance Data 2014/15 and 2015/16

<sup>1</sup> FSA were unable to provide this data for 14/15 due to problems with data from UKFSS.

These figures show that regions have done as requested and, for 2014/15, have assumed the majority of their premises are satisfactory but that 2015/16, better use of compliance scores has moved large numbers into broadly compliant.

The illustrated reduction in numbers of those with satisfactory and member of an appropriate accreditation scheme (AAS) is not due to reducing compliance but to a more consistent application of the pre-existing “5 year rule”. (see section 6 for detail).

### **3.4     Delivery**

NTS received funding of £2.6 Million in 14/15 to deliver a national inspections, sampling and 3<sup>rd</sup> Country imported feed delivery programme across England. Funding was allocated regionally, to match the required activity demand, ensuring that funding was reprioritised to cover the highest risk businesses and/or activities.

Based on their funding allocations and issued with a set of priority principles to work within, regions then drew up a regional delivery plan and submit it to NTS for formal sign off by the governance group. Detailed spending profiles are shown in Annex 2.

Using the FSA accepted risk assessment schemes regions built a profile of inland feed premises which were due an inspection or alternative enforcement strategies (AES). For the first time ever there is now a clearly co-ordinated national annual inspection programme in place.

In 2014/15, funding for inland sampling and analysis was also allocated to regions on a proportional basis linked to the numbers of higher risk premises. Each region submitted a sampling plan which was scrutinised by an expert group consisting of 1 National Agricultural Panel member and 1 National Animal Feed at ports panel member, 1 FSA member and 1 Association of Public Analysts member.

In 2014/15, 3<sup>rd</sup> Country import activity funding levels and delivery requirements were rolled over from that funded by the FSA grants in the previous year. This was due to the fact that there was insufficient time to undertake a full review of this area during the start-up phase. NTS has now developed an evidenced based allocation methodology for 2015/16 onwards.

Feed and Food hygiene primary production inspections in respect to farms funding was allocated via the same mechanism as inland feed hygiene. NTS is aware that there is still a large amount of work required in this area to ensure a full national picture. This is due to authorities having of large numbers of premises which have either never been visited or have not been visited in the last five years, for feed and food hygiene purposes.

Within the context of the Feed Delivery Programme, the Governance structure still allows regions flexibility to request reallocation of budgets between work streams to ensure they can prioritise the work local intelligence tells them is important in their region.

### **3.5     Delivery improvements**

#### **Inland feed businesses**

Prior to the NTS Feed Delivery Programme there was no national governance in place to control the actual use of the FSA funding. The funding was not always being used for delivering the highest priority

activity areas. NTS has introduced a 'higher risk first' priority principle to ensure that nationally high risk inspections are funded before allocating funds to lower risk premises.

This approach and the increase in engagement levels by local authorities have raised a number of issues around the numbers of available competent officers and capacity within region. NTS is very aware that the average 45% cuts to local authority budgets in the preceding 5 years and likely potential for further significant cuts in the next parliament means this situation needs addressing quickly.

### **Points of entry activity**

Before 14/15, grants for imported feed activity were given to all local authorities who requested them, FSA were keen to promote activity and funded small improvement projects as well as directly funding activity such as identity, physical checks and sampling at ports. Some authorities were previously asked to check all feed consignments entering ports, not just 3rd country consignments. This was to scope feed entering their ports and to provide link information to inland authorities to help identify importers.

There was also insufficient time available during the start-up phase to undertake a full review of port funding and activities. For these reasons points of entry activity FSA funding levels were simply rolled over into 14/15. NTS commissioned a project to develop guidance for consistency of terminology and also to develop a new delivery approach and funding allocation model. This project was completed in September 2014 and the new model was used to allocate funding for 15/16.

For 2015/16, delivery funding is balanced towards checks on irregular imports which are 'unknown' to the local authority and therefore brings a focus on higher risk imports.

### **Inland feed sampling**

In 2014/15 funding for inland sampling and analysis was allocated to Regions on a proportional basis linked to the numbers of higher risk premises due for inspection in that year. Local authorities were encouraged to take appropriate samples in line with the FSA national enforcement priorities during their inspections.

However in response to concerns raised by the FVO during their 2014 audit, a specific project was initiated by NTS to address concerns that both Feed Business Operators and local authorities were not undertaking the appropriate levels and methods of checks to ensure that Veterinary Medicine residues were not being carried over into non-medicated feed during production.

This sampling project, which investigated veterinary medicine and coccidiosis carry over in manufacturing premises, has now completed and the report will be finalised by the end of May 2015. Interim results show that around 75% of samples have unsatisfactory results and the reasons behind these failures are being looked at. This project has shown the benefits of a national co-ordinated sampling programme to target specific issues.

For the first time ever England has a national co-ordinated sampling programme and funding is now focussed towards sampling and analysis of the highest risk areas as a priority.

## Inspection of farm premises

The benefits of the NTS Feed Delivery Programme have ensured that specific budgets have been secured for specific work streams, guaranteeing a more targeted and priority focussed delivery programme. One area that has seen the benefits of this approach is 'food hygiene at primary production premises. Given the importance of the 'food hygiene' element of this work, NTS took appropriate steps to ensure the food hygiene element of the overall budget was only used for inspections of farms from 14/15 onwards.

## The benefits of a regional delivery approach

The NTS coordinated regional approach to delivery has already been successful in increasing engagement of authorities in feed enforcement. All trading standards regional groups are to be commended in their work to ensure all their member authorities are involved.

12/13 Ind. LA FSA Grants *	13/14 (4 Regional Pilots)*	14/15 NTS delivery	15/16 NTS delivery
47%	57%	95%	97%

\*Figures provided by FSA

Table 3 – Levels of Local Authority Engagement in Feed Delivery

### 3.6 Promoting consistency, quality and value for money.

As part of the feed delivery programme, NTS were asked to promote consistency and quality on the delivery of animal feed official controls throughout England. NTS identified areas for 2014/15 where it could achieve some quick improvements, but also to work towards "continual improvements" with the aim to demonstrate these outcomes by the end of 2016/17.

NTS has commissioned several pieces of guidance in 14/15, developed with the expert support of the National Agricultural Panel, which aim to promote good practice and consistency of practice in local feed enforcement delivery. These were:

1. Model Inspection documents – published March 14.
2. NTS points of entry allocations and definitions guidance – published November 14
3. Guidance on applying compliance scores for the purposes of the risk rating schemes for feed businesses -published March 15
4. AES toolkit and definitions guidance – to be finalised and published May 15.

NTS supported a cross London project to identify the surplus food disposal pathways from sales and return businesses to identify whether the food was being used for animal feed purposes. This pilot project reported in November 14 and a number of other authorities repeated the project across England in the second half of the year. This project has identified new types of businesses who are recycling feed into the feed chain and whom local authorities will need to register and inspect. The full report will be considered by the Governance Group at its meeting in June 15 and subsequent actions agreed.

NTS commissioned research to compare analysis fees across the country in 14/15. This research report showed a wide range in the prices charged for the same types of analysis and that some analysts had different charging levels for FSA funded and Non-FSA funded feed samples. The separate ID codes which facilitated this have now been removed and asked authorities to use their own

procurement standards to cost for samples submitted as part of the NTS delivery programme. This has increased value for money for the sampling budget in a number of authorities and ensured transparent use of public monies.

### **3.7 Implementing earned recognition**

FSA introduced earned recognition for feed hygiene businesses through its code of practice in May 2014. NTS asked authorities to model the implications of the new approach via a desktop modelling exercise in December 2013. The actual practical rollout of Earned Recognition to feed businesses has only just commenced and the full implementation will take time over the next few years.

Earned recognition applies where a business is a member of an FSA approved assurance scheme and has been assessed through a local authority inspection as having satisfactory compliance or better. It also applies to non-approved assurance scheme members who achieve a broad compliance level.

As this scheme was to be newly introduced during the first year of NTS delivery, and no business had been assessed against the level of compliance criteria introduced in the feed code, NTS asked authorities to make the assumption that all businesses who had been inspected in the last five years were satisfactory. (Unless they had local specific intelligence which showed premises should be in a different category).

It became clear during the desktop modelling process that authorities have large numbers of premises, mostly farms, that they had not inspected within the last five years or had never been inspected and on which it was felt it was not appropriate to assume a satisfactory compliance level. These premises may be members of FSA approved assurance schemes but they cannot gain earned recognition without a Local Authority inspection taking place to generate the local authorities compliance level assessment. For this reason NTS has calculated within its desktop model a five year inspection profile for these premises which aims to bring these businesses with into the inspection regime within 5 years. Those businesses with the appropriate compliance level will then qualify for earned recognition.

NTS has also introduced a mechanism to allow local authorities to feedback on the 2% verification inspections they have undertaken of approved assurance members with earned recognition. This feedback mechanism is also used by the FSA in assessing whether earned recognition is working and if their approved assured members are carrying out appropriate checks on their individual members.



## Chapter 4 – National Trading Standards Feed delivery statistics.

This is the first year of delivery of the NTS feed delivery programme and should be considered to be a transition year. Overall regional feed delivery sits at 98.7% for England.

Numbers of inspections, both at inland and at primary production premises, sit at a high level. The 2% under-delivery on inland premises can be explained by in year business turnover and many authorities taking stock of their data in year one and cleansing their premises registers in year.

Sampling and analysis delivery are less than 95% and this is also likely to be a reflection of the changes seen in local premises profile meaning samples were no longer appropriate. It may also reflect the greater focus on delivering inspections in this transition year.

The only element of the work lower than would be wished for is AES, both at inland premises and on primary production premises. This may be due to a focus on inspections this first year, but in terms of budget implication the costs of under delivery in this area are small.

Year end - ENGLAND		
	Annual planned	Final delivery for year
Total contracted delivered	100%	98.7%
Inland feed inspections	3,107	98.2%
Inland feed AES activities	361	80.9%
Inland samples taken	782	93.1%
Inland analysis undertaken	2425	91.3%
Feed and Food hygiene inspections at farms	3,771	100.7%
Feed and Food hygiene at farms AES activities	4,563	79.8%
Points of entry - document checks	100%	100%
Points of Entry - ID & Physical checks	5%	6%
Delivery Budget profile	£2,404,630.94	97%

Table 4 – NTS Feed Delivery Performance Data

## Chapter 5 - Intelligence

One of the key objectives for the NTS has been to develop intelligence led working, to build the associated infrastructure for its regional and national work and to support trading standards services in using intelligence locally to help support local priorities. A key part of this has been the ongoing development of the Intelligence Operating Model that is a framework to help trading standards services adopt a problem solving approach to consumer protection work and be intelligence led in their activities.

### 5.1 Intelligence Governance Group

The Intelligence Governance Group met quarterly and have discussed and done work on a range of intelligence issues that they have oversight for including; implementation and on-going review of the Intelligence Operating Model, oversight and support for the NTS Intelligence Team and Regional Intelligence Analysts, development of the national strategic assessment, the national control strategy, the Information Needs Assessment and follow up work on the intelligence databases, the Intelligence Operating Model Management of Intelligence Material and Data document, and intelligence work tasked by the National Tasking Group.

The Programme Office holds regular meetings between the Regional Intelligence Analysts and the NTS Intelligence Team.

### 5.2 National strategic assessment and national control strategy

NTS agreed its second national strategic assessment for 2015-16. This was published on 27 February 2015. The NTS Intelligence Team was thanked for all the work they have done to produce the strategic assessment (with support from the trading standards intelligence network). It provides an overview of the current and long-term issues and problems affecting, or likely to affect, the consumer and business protection landscape in England and Wales.

The NTS Control Strategy for 2015/16 has been developed having regard to the national strategic assessment. It outlines the national priorities for prevention, intelligence and enforcement activities across the following priority areas; doorstep crime, mass marketing scams, fair trading issues, eCrime, product safety, illegal money lending and intellectual property. It may be reviewed and amended by NTS, but will operate from April 2015 to March 2016 and informs and directs the work of NTS via its teams and other projects. Detailed oversight and performance monitoring of the actions is provided by the NTS Governance Groups, for the work of the NTS Teams, and expert group/panel meetings, being reported via the quarterly reports prepared on all NTS activities.

Local authority trading standards services will continue to address local threats and those issues under local political control. It is envisaged that the national strategic assessment and control strategy will help link work done by local trading standards services to that being done regionally and nationally. However, they are NOT designed to require local authorities or regional trading standards groups to undertake any activities at a local or regional level. These remain entirely matters for local authority service planning in accordance with local priorities, or regional trading standards groups' business planning in accordance with regional priorities.

### **5.3 Information Needs Assessment**

NTS agreed to undertake an Information Needs Assessment to better understand what information and intelligence databases trading standards are using, what information is being collated and shared, and the barriers to the information flows locally, regionally, and nationally. Each local authority, regional trading standards group, and NTS Team was asked to complete a survey. The findings were presented to the Board in 2014. 120 responses had been received from 173 trading standards services in England and Wales (i.e. a 69% response). The key findings were:

- Overwhelmingly positive feedback on the Intelligence Operating Model with 97% of respondents committed to implementing it. 56% had already implemented it.
- 42% have developed their own local strategic assessment.
- 48% have developed monthly tactical assessments.
- There was a 17% increase of intelligence logs across trading standards services in England and Wales.

Based on the feedback received, NTS agreed to retain the 2 main existing intelligence databases (Memex and IDB) but improve their functionality. A move to a single database was not a viable option, based on feedback from local authorities. NTS agreed they would need to negotiate developments and contracts with both Memex and IDB and work to improve the links between both to ensure, in practice, a single "dataset".

The Governance Group held a two day meeting to undertake a review of the intelligence databases. A specification of desired changes was produced. It covered such areas as; potential linking between Memex and IDB; common coding; improved mapping functionality; an auto alert notification system within Memex or IDB etc. Both IDB and Memex were asked to show how their intelligence database met the specification and where improvements may be required. After the meeting both were asked to make any developments that were required at no cost and to provide costs on any developments that had been considered essential or desirable to improve the functionality of the databases. Various improvements were then commissioned.

### **5.4 Intelligence Operating Model**

The draft Intelligence Operating Model Management of Intelligence Material and Data document has been circulated to trading standards services for their comments and will be published in spring 2015. It provides good practice and a framework for the handling of intelligence related material which come into the possession of all NTS Teams and trading standards services. It covers roles and responsibilities, operational processes, the legal framework and disclosure gateways.

### **5.5 National Trading Standards Sanctions Information Database**

The Sanctions Information Database, operated by the National Anti-Fraud Network on behalf of NTS, replaced the Consumer Regulations Website and the Central Register of Convictions for all new entries from April 2014. Access has been granted to other enforcement agencies including the Financial Conduct Authority, Civil Aviation Authority, Information Commissioner's Office, OFCOM (Independent Regulator and Competition Authority for the UK Communications Industries) and OFGEM (Office of Gas and Electricity Markets), within the confines of the relevant data protection legislation and appropriate legal gateways.

The Sanctions Information Database now has 2036 registered users with 1193 actions recorded against 2997 legal entities. The website has been vastly improved with a complete re-design of all

webpages providing a more user-friendly experience, with a pop-up help facility at various stages of the data input process. There are additional search facilities including a new search by Court only and the ability to search by surname only. It is also now possible for managers to set the access levels of choice for their staff via the manage user function. Another new feature is the wizard based display informing the user of their data entry progress. The Programme Office continues to provide support so that Sanctions Information Database fulfils its function both for statutory notifications but also as a useful enforcement tool for officers in the field at no cost to their Authorities.

## 5.6 National, Regional and Local Support

One of the key parts of the Intelligence Operating Model continues to be the network of intelligence functions working together locally, regionally and nationally. All local trading standards services have received funding to enable them to have access to a local intelligence database that records information in the universal language of the 5x5x5 intelligence form. Each English region and Wales received ongoing funding of £35,000 to fund a Regional Intelligence Analyst to support national and regional intelligence and the work of the NTS Intelligence Team. All regional groups have an analyst or secondments in place.

Suffolk County Council Trading Standards Service delivers the NTS Intelligence Team that provides national intelligence technical expertise to help identify and analyse national problems, informing the tasking and prioritisation processes of the National Tasking Group and supporting the regional intelligence network. The Team horizon scans, collating intelligence and producing intelligence products, disseminating intelligence requirements through the Regional Intelligence Analysts, producing strategic and tactical assessments.

## 5.7 Intelligence Flow

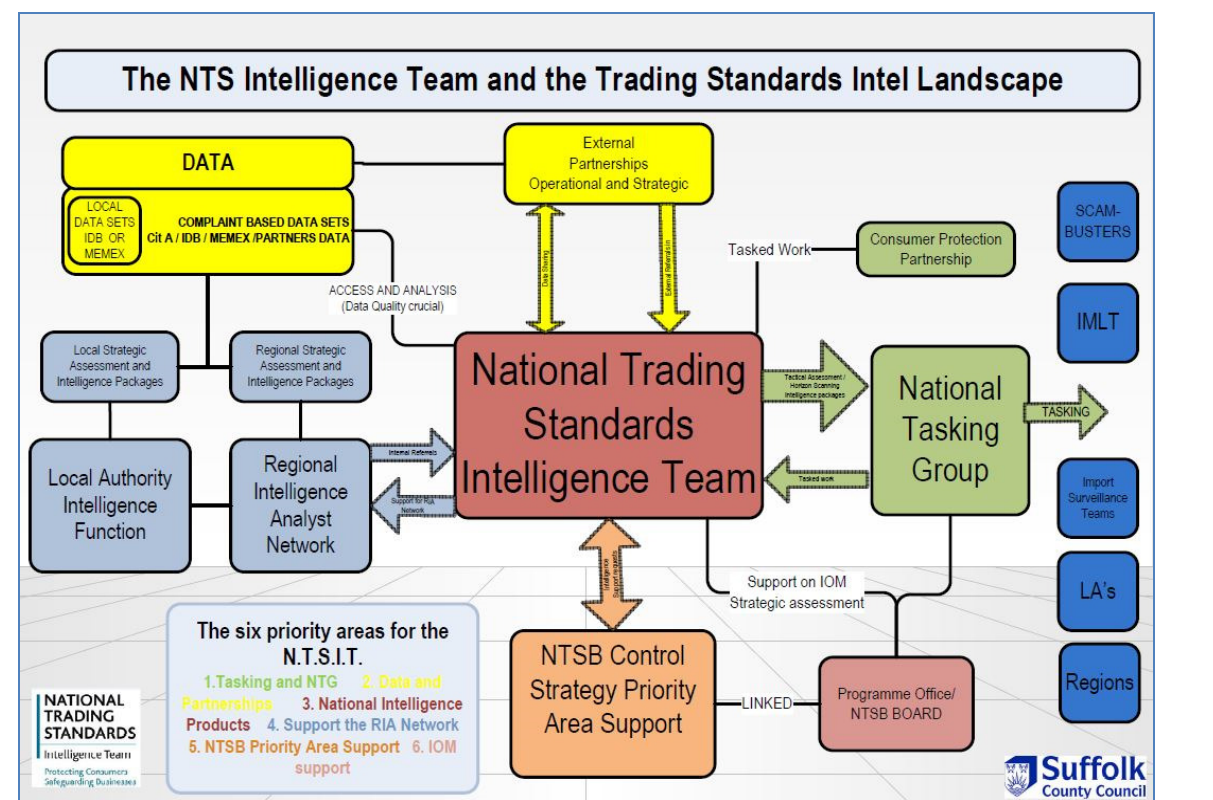


Figure 2 – Intelligence Flow

## **5.8     National Trading Standards Intelligence Team**

The Governance Group revised performance measures for the Team to focus on 6 priority areas. Further detail of activities and performance against each of those 6 priority work areas is provided in further detail below.

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### **Tasking and National Tasking Group Support**

**Purpose - The Team to act as an effective analytical resource for the National Tasking Group.**

In 2014/15, 78 referral reviews were completed, of these:

- 73 referrals were from regional tasking groups/trading standards services.
- 5 referrals came from external agencies.
- 13 referrals were eCrime referrals and 8 referrals were forensics only.
- 2 referrals came from Scambuster Teams and 1 referral came from a national project.
- 2 referrals were self-generated.

After the National Tasking Group meetings, the Team was tasked and assisted with:

- 22 full analytical products (subject/problem profiles)
- 26 watching briefs of specific problems; and
- 16 further liaison work/support.

Implementation of Organised Crime Group Mapping has progressed well. In the last quarter, the first full Organised Crime Group Mapping data cut has been received by the Team following the first successful trading standards submission. There has been dataset discussions with Citizens Advice to attempt to move to more proactive driven intelligence.

In the last quarter the tactical assessment has gone through quite a radical change to ensure the document is fit for purpose. The document has been formatted to ensure reporting by exception for the top most complained about traders to help identify those causing the greatest significant consumer/business detriment.

The Team has adopted an increased use of financial intelligence in the completion of its analytical products with 2 team members now being fully qualified as financial intelligence officers.

A representative from the Team now has a seat on the COSLA Tactical Tasking Group.

### **Data and Intelligence Partnership**

**Purpose - To develop/improve the available information to inform the National Tasking Group, the Intelligence Governance Group and the Board**

In 2014/15, there were 44749 recorded intelligence logs on the IDB and Memex intelligence databases (32919 on Memex, 11830 on IDB). This is an excellent 37% increase from 2013/14. Of these, 79% (35231) were recorded against current priority areas (i.e. doorstep crime, scams, other fair trading, eCrime, intellectual property, product safety).

National Citizens Advice reports for 2014/15 remained stable in line with the expected. Complaints categorised as "Other Fair Trading and Scams" continue to remain the highest reported priority area for consumers, accounting for 64% of consumer complaints. Product Safety and Intellectual Property Crime consumer complaints remain very under reported and only account for 5% of all consumer complaints against priority areas. The level of Product Safety consumer complaints is mirrored with the

lack of Product Safety intelligence reports; however recorded intelligence records against intellectual property crime continue to remain high.

12 intelligence requests were sent out via the Regional Intelligence Analysts network and 14 intelligence request responses were received.

Stakeholder engagement has been thoroughly rationalised to focus mainly on those groups that can provide assistance to multiple NTS priority areas. Organisations or groups that are not multifaceted but remain a key priority are those directly linked to one of the NTS priority areas. Where possible the Team is endeavouring to make contact with non-priority partners virtually.

An Open Source Intelligence master class was delivered at the Association of Chief Police Officers Open Source Conference and there is continued partnership working with the National Fraud Intelligence Bureau, this has been fortified by a secondment from the Team to the Bureau being finalised and due for commencement in quarter 1 of 2015/16.

### **National Strategic Assessment Progress Update**

**Purpose: To lead on the creation of the National Trading Standards Strategic Assessment and provide information and direction for the National Trading Standards Control Strategy.**

The 2015 national strategic assessment was completed on time, reviewed by the Governance Group and then the Board and distributed internally to trading standards services. An executive summary of the strategic assessment was also produced which has been distributed to key partnership agencies. The recommendations have been reviewed and fed into the 2015 national control strategy.

### **Regional Intelligence Analyst Network Support**

**Purpose: To provide advisory support for the Regional Intelligence Analysts and to assess engagement across the regional network.**

Weekly engagement between the Team and Regional Intelligence Analyst network is ongoing. Orientation training on the Intelligence Operating Model and procedures has been provided for new Regional Intelligence Analysts. There has been an increase in tactical assessments, intelligence summaries and analytical products received by the Team from the Regional Intelligence Analysts' network.

All the full analytical products (problem/subject profiles) produced by the Team have been disseminated to the regional intelligence network to enable full transparency. In addition, the Team continues to circulate material of interest such as external agency bulletins and intelligence summaries.

The Organised Crime Group National Flagging system has been made available to the Regional Intelligence Analyst network and is operated via the Team on a 24hr 7 day a week basis. This will assist in avoiding operation compromise at a regional and national level.

### **Priority Areas Support**

**Purpose: To assist key National Trading Standards projects and teams with intelligence requirements as per the control strategy.**

**NTS eCrime Team:** The Team's dedicated liaison officer has been assisting the NTS eCrime Team with identifying and disseminating IDB intelligence logs to them. The initial call for action survey for Operation Jasper, which relates to criminal activities via social networks, was developed and

disseminated. A further research package relating to Operation Jasper was also completed following tasking by the National Tasking Group. Information was provided to the NTS eCrime Team in relation to subscription traps and further knowledge was given relating to the links between subscription traps and fulfilment houses.

**NTS Scams Team:** The Team met the NTS Scams Team in March 2015 to establish how they will provide support in the future. It was agreed that the Team will support by producing a monthly report of data research and analysis, giving an overview of Scams. The report will look predominately at the mass marketing scams, e.g. Prize Draws. In turn the NTS Scams Team will produce a monthly list of what they are dealing with. This will ensure no duplication of work and a detailed understanding of the scams arena. It is envisaged the new process will ensure better lines of communications between the two National Teams.

**NTS Safety at Ports and Borders Teams:** Monthly analysis of intelligence submissions are completed on behalf of the NTS Safety at Ports and Borders Teams. Advice has been provided in relation to the recruitment of analysts and also for specific intelligence training.

**Doorstep Crime:** Support has been provided to the doorstep crime project lead officer to assist with the completion of the project. This included analysis and detailed intelligence development in respect of doorstep crime Organised Crime Groups. 8 doorstep crime Organised Crime Groups operating on a regional and national basis formed part of the initial Organised Crime Group Mapping submission to the National Crime Agency database. One of these Organised Crime Groups has been scored as a "High Priority Group", as they are viewed as a significant danger to the public. 1 emerging Organising Crime Group was submitted in the Organised Crime Group Mapping submission in March 2015. Subject profiles were produced in respect of 2 Organised Crime Group's.

## **Chapter 6 - National Tasking Group**

### **6.1 Overview**

The National Tasking Group, comprises 3 Board members, 3 regional representatives. Others have been invited to participate in the group with non-voting status (e.g. the Competition and Markets Authority, the NTS E Crime coordinator and Trading Standards Scotland). It is recognised that members of the group must have the knowledge and experience to make tactical decisions.

The group meets every 8 weeks to determine national consumer enforcement investigations and tasks investigations subject to available resources and in accordance with the priorities determined by the Board through its strategic assessment and control strategy.

They will task and support regional requests having considered:

- the likely impact of the proposed action;
- the fit with the Board's priorities and strategies;
- the resource requirements, and in particular whether they are proportionate to the benefits gained;
- the risks of both acting and failing to act.

Requests for support are considered on a case by case basis. Any requests for national support have to meet the definitions and criteria specified in the current protocol. The Group will mainly task and deal with requests to support Level 3 (national) cases, for example where there are: complex cases; cross-boundary activities; multiple defendants; high levels of consumer and business detriment and/or significant breaches of trading standards legislation or extensive fraud.

They will also task or assist in the investigation of Level 2 (Regional) cases where early action will prevent a case becoming a Level 3 case or it will establish a precedent.

### **6.2 Activity in 2014/15**

There were 7 meetings during 2014/15, with a delegated budget of £1.98 million. The meetings have all been subject to high levels of tasking requests with an actual total of 76 referral/requests for support considered. This included eCrime fast-track requests and deferred referral/requests which have then been re-submitted for further consideration.

The following is a breakdown of the referral/requests and the decisions made for 2014/15.

- 26 approved for funding
- 14 not approved
- 19 were deferred for further clarification/information
- 6 tasked to NTS Intelligence Team for further intelligence development
- 4 tasked to NTS eCrime Team
- 7 tasked to NTS Intelligence Team and NTS eCrime Team for joint development

Due to very high demand, referral/requests have been closely scrutinised with a focus on prioritising the Board's enforcement and strategic assessment priorities. Regional reps have been required to ensure that there has been significant regional scrutiny before submitting referral/requests.



Between May and November 2014, the Programme Office met with each of the Regional Tasking Groups to discuss the year's progress and to feedback on lessons learnt, areas of best practice etc. in terms of national and regional tasking and implementation of the Intelligence Operating Model. The subsequent reports were produced for discussion by both this Group and the Board early this year. The reports considered:

- ways to improve the quality of requests for tasking/support in order to make the process more effective and efficient for all concerned and ensure consistency of approach;
- sharing best practice and lessons learnt;
- the need for changes to the NTG protocol.

As a result, a number of improvements have been made, including: changes to the fast-track process; development of a new request/referral form, guidance notes and tasking matrix; and enhancement of the review process.

The recommendations of the reports were agreed and the relevant changes expedited - which should result in a smoother and more efficient process in 2015-16.

### 6.3 NTG Budget

The total amount of funding requests received was £3,022,185.34. However, a number of the referral/requests made were of insufficient quality or detail to allow the group to approve support and these were either refused or deferred until further clarification was provided.

There were a number of applications made to extend funding for previous cases. This accounted for approximately £991,000 i.e. 50% of the available budget. This will be an increasing feature of future NTG allocations due to the issues with having to allocate year on year funding for cases that will be known to take 3 years or more to complete. However NTS recognises the importance of completion of such cases and that it cannot be seen to drop cases simply because a defendant attempts to delay processes. This means the amount of new investigations will have to be limited in future until some of these larger cases are concluded.

£215,212.55 was also awarded for the Doorstep Crime Project as part of the NTS Control Strategy priorities. An additional £405,000 was allocated to new referrals.

All regions actively engaged in the NTG process.

Region	Support Granted
CENTSA	£137,631.35
EETSA	no funding but support from NTS eCrime Team and NTS Intelligence Team
LOTSa	£55,392 and support from NTS eCrime Team and NTS Intelligence Team
NETSA	£21,428 and support from NTS Intelligence Team
SWERCOTS	£55,441 and support from NTS eCrime Team
TSEM	£318,175
TSNW	£107,567 and support from NTS eCrime Team
TSSE	£166,738
WHOTS	£175,000 and support from NTS Intelligence Team
YAHTSG	£358,212.55 (Including doorstep crime project and and NTS eCrime Team

Table 5 – NTG Support by Region 2014/15

## 6.4 eCrime Tracks and Problem Profiles

In addition, the Group considered a range of Fast Track submissions and Problem Profiles that relate to work for the NTS eCrime Team, which is funded from core grant. These included a range of activities including: copycat websites; loan applications; card sharing; on line gadget recycling; computer support fraud; advanced fee frauds, phone unlocking; virtual offices; and payment surcharges.

## 6.5 Highlighted Tasking Issues

Below are some examples of support provided by NTG. This is not an exhaustive list. It is simply to give a flavour of the activities supported.

- **Hajj and Umrah Travel** – funding of £100k was agreed for Birmingham CC to lead on the coordination of a project of raising the profile, providing support to local authorities and consolidating action against Hajj fraudsters.
- **Operation Summit** - extended support of £99,375 was agreed for TSEM Scambusters for this operation which was a legacy case from 2013/4. This was a major Door Step Crime investigation with a successful outcome with - 6 out of the original 8 entering guilty pleas.
- **Operation Cleo and Dougal** - Yorkshire and Humberside Scambusters were allocated £155k to progress this operation, which is the copycat website investigation initiated in 2013/4 with BIS funding.
- **Operation Fastnet** – this was a WHOTS Scambusters case funded by NTG and which has recently resulted in a successful prosecution. 2 defendants pleaded guilty to 9 offences under the Consumer Protection from Unfair Trading Regulations 2008 and in total were fined £22,500 plus £5000 costs and compensation of £2000.
- **Operation Spinnaker** – extended funding of £205,842 was agreed for Operation Spinnaker, also a legacy case from 2013/14 involving an investigation into business advertising fraud.
- **Operation Angel** - extended support of £49k was agreed for YAHTSG Scambusters, also a legacy case from 2013/4, relating to a fitted kitchen fraud.
- **Fulfilment Houses** - NTG agreed £40k for the Programme Office to begin a project looking at this ongoing problem. There has been widespread concern about the activities of a number of fulfilment houses and the degree to which this type of business is used to facilitate the supply of unsafe goods and fraudulent services. The project was commissioned to scope the current position, update the available intelligence and to make recommendations for tasking and tactics.
- **Investment Scams and Virtual Offices** – The Group had received a number of tasking requests regarding investment scams and virtual offices. The Programme Office convened a meeting in January 2015, with interested agencies, to establish a number of details including what activity was taking place within each agency, what joining up was taking place, how intelligence was being developed and shared, what enforcement was taking place etc. It was agreed that this was a level 3 problem and that investment scams/virtual offices were an increasing threat. Originally a City of London Operation supported by Tri-region Scambusters, this work has now developed into a joint partnership with the City of London Police, the Metropolitan Police, the FCA, HMRC and others and now named “Operation Broadway”.

## 6.6 Planning and Review Meeting

NTG held a Planning and Review Meeting in February 2015 with the intention of reviewing the progress of the group since 2013 and plan for 2015-16. It considered:-

- Budget and finance issues, including potential commitments for 2015-16

- NTS Strategic Assessment and Control Strategy
- Review of work agreed in 2013-14 and 2014-15 including both cases and projects
- Tactical Assessments and Work of the NTS Intelligence Team
- Pro-active tasking, reactive work and priorities for tasking in 2015-16.

The result of the meeting was that the Group was able to focus clearly on and decide its priorities for the coming year and agree in principle to a number of funding requests ready in time for the start of the new financial year on 1<sup>st</sup> April 2015. This puts the Group in a good position in terms of planning its spend in a timely and controlled manner across the year.

## Chapter 7 - National Trading Standards eCrime Team

The Board commissioned the provision of the NTS E-Crime Team (Digital Evidence Unit and associated investigations) via the Yorkshire and Humber Trading Standards Group.

### 7.1 Overview

Since its inception the Team has undertaken 15 investigations of which 8 have been completed; 2 have been closed through a lack of evidence; and 5 are being worked on currently, including the copycat website investigations that the Yorkshire & Humber Scambuster Team is progressing through the courts where 8 defendants have been committed to Crown Court for trial. In addition, initial work has commenced since January 2015 on two new investigations.

During the past year the team have introduced the *Owl and the Copycat* video to warn consumers to be aware of copycat websites. The team has seized media opportunities and has developed partnership working on a number of campaigns.

### 7.2 Partnership Working

Discussions have continued throughout the year, with various external agencies and partners to promote the Team's work and to discuss joint working opportunities. Some of the recent developments include:

- **NFIB/ActionFraud:** The trial arrangement with NFIB for the dissemination of e-crime reports continues. This has proven to be extremely effective in highlighting a number of potential areas of work, both at a local and national level.
- **GetSafeOnline:** Positive discussions continue with GetSafeOnline regarding a closer working relationship. A formal announcement regarding this will be made in the coming quarter.
- **National Markets Group:** The Team is working closely with this group and its partners in developing a nationwide campaign of activity in relation to the sale of counterfeit and dangerous products on social media (Operation Jasper). The Operation will see a series of co-ordinated raids by a number of local trading standards departments, with assistance from the Team and National Market Group partners. There will also be some further disruptive activities, all supported by a concerted media campaign.
- **European Union and international partners:** The Team continues to work closely with the Competition & Markets Authority as they work towards taking over the presidency of the International Consumer Protection Enforcement Network in summer 2015. Part of this work has included the ongoing campaign around the Rugby World Cup 2015 and scam ticket web sites. Work is also well underway in relation to attempts to secure international agreement regarding a common website takedown procedure that can be used across the regulatory sector.
- **Social Networking Sites:** A trial for agreeing the removal of illicit/infringing content posted on social networking sites has been agreed with one major social networking site operator. This will be trialled in two regions in the coming quarter. Pending the results of the trial and formal agreement with the operator the Team will look to roll-out the procedure nationally later in 2015.
- **Which?** The Team's excellent working relationship with Which? continues with a number of ongoing projects being developed.
- **Campaigns:** Launching on Black Friday (28th November 2014), the City of London Police ran a nationwide Christmas online fraud campaign 'The 12 online frauds of Christmas'. It was supported by Trading Standards social media accounts co-ordinated through the Team. It generated 35.3 million impressions on Twitter and Facebook alone reaching several million people.

### **7.3     Forensic Work**

The Digital Evidence Unit continued to work on national investigations and provide forensic support to e-crime investigations being run by a number of local authorities and regional Scambuster teams. Throughout 2014-15 the Digital Evidence Unit has supported 37 local authority or Scambuster led investigations and forensically examined 89 PCs, 46 mobile phones and 71 other devices.

The Digital Evidence Unit continues to work on the national investigations as outlined in the example cases below and is providing forensic support to e-crime investigations being run by a number of local authorities and regional Scambuster teams.

The new forensic software platform (Nuix) continues to be trialled on a number investigations. Feedback has been largely positive to date but while some minor issues are resolved the system will continue to be operated on a trial basis. A wider roll-out is still planned to take place later in 2015.

### **7.4     Training and equipment provision (maintaining local capability)**

Work to finalise the basic eCrime e-learning package has now been completed. A trial roll-out will take place in May 2015.

Roll-out of the Social Network Investigations basic one day course has been completed. Over 200 officers have been trained and feedback received so far continues to indicate that 98% of delegates felt the course had improved their understanding of social network investigations. Feedback is awaited from the final two courses. The Team is continuing to explore the opportunity to integrate the social network training into the e-learning package for 2015/16. This would then make the course available to all officers.

Allocation of the standalone equipment has been completed. The NTS Board was able to allocate additional resources for this due to underspends elsewhere so a total of over 50 local authorities have been supported with new or upgraded standalone internet equipment.

### **7.5     Communications**

During the past year the team has seized media opportunities and has developed partnership working on a number of campaigns. These are outlined below. Particularly successful was an extensive campaign which initially developed a short awareness video and accompanying infographic - the *Owl and the Copycat* - to highlight the issue and provide some clear and simple advice to consumers on how to avoid falling foul of 'copycat' web sites. The Team worked closely with Martin Lewis of Money Saving Expert who provided the voiceover for part of the video and extensively promoted the campaign through his personal and corporate Twitter accounts. The video and infographic were shown at TSI Conference in 2014 and formally launched to coincide with the enforcement activity that took place at the end of June. The copycat online public information film is just short of 5,000 views YouTube.

The Team continues to work closely with GetSafeOnline, Which? and Citizens Advice. The Team has partnered with the Competition & Markets Authority on a campaign for the Rugby World Cup 2015 on ticketing scams, which is in the final stages of completion. This is being supported by ActionFraud, GetSafeOnline, Citizens Advice, Competition & Markets Authority, Which? and Trading Standards twitter accounts.

The Team and Citizens Advice have agreed to use Citizens Advice data to gain deeper insights into both organisations' respective target audiences to drive more efficient prevention work. Improved audience segmentation will help to develop more influential creative campaigns that aim to reduce consumer detriment. Both Citizens Advice and GetSafeOnline are keen to improve audience segmentation and produce more coherent and effective creative treatments for campaigns. This may be expanded to include other key partners, such as Which? and HM Revenue & Customs who both have access to rich consumer data sources.

The Twitter account (@tsecrime) now has over 6300 followers. The Team has instigated an analytics package to measure improvements on an ongoing basis. The Team's website continues to receive thousands of unique visitors, with over 10,800 page views in the last 3 months, bringing it up to a total cumulative figure for the year of over 51,800 page views.

In the last 3 months the Team has featured in seven stories in the national press and key websites, such as the Guardian newspaper, Guardian online, Which? News, Which? Scams Watch and The Daily Mail's *This is Money* website.

The Team was filmed extensively in early 2015 for an upcoming primetime ITV documentary. Further information will be communicated once a definitive broadcast date has been confirmed. The Team also continues to work closely with Fake Britain in the filming of a number of ongoing investigations.

## **7.6 Completed Cases**

### **Operation Whisky**

This investigation related to web sites offering "guaranteed jobs". When consumers apply for the jobs they are required to pay up front fees for services such as background checks and medicals. Once the fees are paid, the jobs fail to materialise. The defendant pleaded guilty to all 21 charges and was sentenced to 6 months' imprisonment suspended for 12 months, 180 hours unpaid community work and ordered to pay £2,466 in compensation and £5,048 in costs.

### **Operation Isobel**

An investigation into the supply of unsafe cosmetic and electrical products online resulted in a formal caution and the destruction of thousands of items of potentially unsafe cosmetic and electrical products.

### **Operation Digger**

An investigation which related to a number of web sites that offered a flight booking service. The scam involved consumers booking flights in advance but then being asked for various additional fees and charges just a few days before the flights were due to depart. The defendant pleaded guilty to various Consumer Protection Regulation offences at a hearing on 24 April and was ordered to pay compensation of £9,704 to affected consumers, along with a 12 month Community Order, 150 hours of unpaid work and a £1,000 fine. Costs of £1,000 were also awarded.

### **Operation Jake**

An investigation concerning a company called Cash4Phones. The company operated a website where consumers could sell their unwanted old mobile phones. A quote would be given on the site and then upon receipt of the phone, the company would claim the phone was in poor condition and reduce the offer. Consumers could only get their phones back if a payment was made to the company. Despite extensive enquiries, it has not been possible to locate the main offenders or assets. The offenders are suspected to have absconded to Cyprus. As a result, no further work will be conducted on this investigation at this stage.

## **7.7     Examples of Ongoing Investigations**

### **Operation Oscar**

This investigation relates to a series of web sites offering “credit broking” services. The web sites purport to be able to find loans for consumers but then take an advance fee for the service, in many cases without being clear that a fee is being levied. There are reports from consumers to suggest that in some cases the fees were debited multiple times. This investigation is in the early stages of development.

### **Operation Cleo 2 and Operation Dougal**

Investigations into 2 companies operating so called ‘copycat’ web sites. The sites purport to offer assistance with services such as passport applications, driving test bookings, self-assessment tax returns and payment of the London congestion charge. In early 2015, charges were laid against 8 defendants. The charges include conspiracy to defraud, money laundering, conspiracy to commit trade mark offences and a variety of Consumer Protection from Unfair Trading Practices Regulations 2008 offences. Both cases have now been committed to Crown Court. Initial indications are the Operation Cleo trial will take place in early 2016, with the Operation Dougal trial likely to follow in summer 2016.

### **Operation Pongo**

This investigation has connections to Operation Dougal. It concerns an individual running a number of ‘copycat’ web sites, primarily relating to the London Congestion Charge. A warrant was executed early in this quarter and the suspect is bailed until May 2015.

### **Operation Hector**

This is an investigation into web sites offering “government backed grants and loans”. One defendant initially pleaded guilty to 20 counts of fraud and money laundering. There is a Plea and Direction hearing scheduled. However, evidence has emerged of continued offending by the defendant and further charges will be put forward in the coming quarter.

### **Operation Lily**

This investigation is in the early stages of development. It concerns a series of web sites that have been offering to sell various electrical goods (TVs, digital cameras etc.). Over 700 consumers have reported not receiving the goods. One suspect has been located with one further suspect still to be located. Warrants are likely to be executed in the coming quarter.

### **Operation Cindy**

This investigation is in the early stages of development. It relates to the operation of a ‘copycat’ passport web site and a series of other misleading (although not ‘copycat’) web sites. The company behind the web sites also appears to adopt extremely aggressive practices in pursuing consumers for outstanding monies.

## Chapter 8 - National Trading Standards eCrime Management Data

General Outcomes	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Total
No. of eCrime Team operations commenced in the quarter	2	0	1	3	6
No. of eCrime Team operations concluded in the quarter	2	2	0	1	5
No. of operations in the quarter where the eCrime Team gave assistance to another local authority/agency	13	10	8	7	38
Potential fraud uncovered	£56,000.00 and £5m estimated	£4m estimated	£5.5m estimated	£0.5m estimated	£56,000 and £15m estimated
<b>Enforcement Outcomes of eCrime Team Operations</b>					
No. of defendants convicted	1	1	0	0	2
Total fines imposed	£1,000.00	0	0	0	£1,000.00
Total custodial sentences imposed	0	6 months Suspended	0	0	6 months Suspended
Community service penalties Unpaid community work	12 months/ 150 hours	180 hours	0	0	12 months/ 13¾ days
Other penalties	Co Director ban (5 years)	1 simple caution			Co Director ban (5 years) 1 simple caution
Disruptive activity/ intervention	0	0	0	0	0
Compensation awarded to victims	£9,704.00	£2,466.00	0	0	£12,170.00
Court costs awarded	0	£5,048.48	0	0	£5,048.48
POCA confiscation awards	0	0	0	0	0

Table 6 – E Crime Management Data



## Chapter 9 - National Trading Standards Illegal Moneylending Teams

### 9.1 Victim Work

This year, the England team continued to support victims and witnesses, in terms of safety, emotional wellbeing and financial inclusion. A lot of these were to offer emotional support and safety advice, but there were also referrals to credit unions, housing, debt advice and mental health services. They provided on-going support and in one case where they supported four witnesses, following sentence, the main victim informed officers *"I am over the moon, there is now light at the end of this"*. In another the main victim said after sentencing *"My life has restarted, before I could have killed myself and tried on a number of occasions. Now I feel I have the strength to deal with life. My seriously disabled wife who had not got out of bed for five weeks before has recently cooked a meal for the family. The whole family is closer together"*.

The Liaise team in England continued to generate intelligence, mostly through training, strategic relationships with partner agencies and weeks or months of action. Some of these have led to warrants being executed, others are being investigated, and some have been passed back to the Liaise team to develop through community working. Liaise Officers in England spent £68,651.42 proceeds of crime awards over a variety of national community projects this year which has led to:

- Over 1108 credit union accounts being opened in target areas
- 25 pieces of intelligence being generated
- Over 4.5 million people reached with the Stop loan sharks message
- £75,900 match funding received

The Client Liaison Officers in Wales continued to have significant involvement in developing operations; support included an intervention when a bailiff was at a client's address with a warrant after the client had failed to attend court on charges relating to a large council tax bill. Intensive support was also provided to a number of vulnerable victims who suffer with either mental health issues or learning difficulties.

Other support they have also been required to make included crisis interventions for victims with problems such as bailiff warrants and local authority rehousing decisions. In one of these cases the victims had substantial fears and required reassurance throughout. The victims in another are part of the suspect's extended family, and were particularly vulnerable for this reason. One client's quality of life has been vastly improved following the Team's assistance in an application for Personal Independence Payment. The individual had applied in the past but gave up due to literacy issues and difficulties completing the application form. The result was a decision that awarded the client an extra £100 a week and a back dated payment of £4900. For the first time the client has a washing machine, tumble dryer, a TV and a house phone. The client is now no longer struggling to pay for essentials, is debt free and is now saving with their local credit union.

### 9.2 Awareness Raising Work

This year the NTS Illegal Money Lending Team England team trained almost 16,000 frontline staff and to organise weeks of action to raise awareness. May saw the start of "themed" months of action, a series of events held in May, July, September, November, January and March with a two pronged approach: regional strategic work (with partner agencies which included Gingerbread, Barnardo's, the Local Trust and Family Action as well as local work with children's centres, social housing and other grass roots organisations); alongside localised geographically based weeks of action tightly focused on specific communities. Over 100 weeks of action were organised and led by Liaise Officers and of the total 838 contacts with victims and witnesses this year, 91 agreed to complete a questionnaire about their financial situation. The information has been compared to results in previous years and has given the Team further insight into loan shark victims, with

an increase from 9% to a15% of victims in owner occupied housing and an increase from 37% to 42% of victims in employment borrowing from a loan shark.

Stop Loan Sharks Charter Signings were rolled out where partner agencies come together and pledge to support the work of the Team and take a “zero tolerance” approach to loan sharking in their area. Event signings took place in areas including Luton, Hammersmith & Fulham, Stockton, Haverhill, Kensington & Chelsea and Birmingham. Your Choice awards continued to be rolled out across the country as well as localised community events with proceeds of crime money being reinvested into communities. In Ipswich 7 Your Choice projects were funded with the winners attending a reception hosted by the Mayor.. There were also Your Choice community events in areas including Watford and Reading. A structured radio campaign was delivered nationally in the run up to Christmas warning people of the dangers of borrowing from loan sharks.

The Stop Loan Sharks lesson plans continue to be delivered in schools across England, with the education resource materials short-listed in this year’s Local Government Chronicle awards in the innovation category. In Wales, bilingual education packs aimed at promoting financial capability at primary and secondary school level have been launched. The team has worked hard in promoting regional opportunities for schools across Wales and the responses from schools which have been involved is most encouraging. As a result of continued close working with the Financial Inclusion Unit within the government, the team were able to secure the attendance of the Minister for Communities and Tackling Poverty at the Cardiff launch on March 16th of the Education Packs. The launch consisted of two simultaneous events, in English at Fitzalan High School in Cardiff, and in Welsh at Ysgol Llwynderw in Swansea. During the following two weeks, launch events attracting considerable publicity took place at schools in Carmarthenshire, Ceredigion, Pembrokeshire and Powys. There is also some interest in these resources in the prison sector, and this will be pursued with HMP Swansea.

In Wales, the Client Liaison Officers continued their awareness raising and training with established partners and have worked on developing new relationships with appropriate organisations. This has involved a whole range of conferences, briefings and staff training. Some examples include:

- Presentations given to the north and south Shelter Cymru conferences, the Pembrokeshire Homeless Forum and the Anti-Poverty Workshop. The Team gave the keynote speech at Shelter Cymru’s Swansea conference, and there were useful opportunities to address the Mental Health Forum in Swansea, and an Ethnic Youth Support group also in Swansea.
- Following a presentation to councillors, Ceredigion’s Cabinet passed a resolution recommending that all schools in the county make use of the teams’ Education Packs.
- Bridgend Food Bank invited the team to speak to over 60 delegates at their annual meeting;
- All workers at the Discretionary Assistance Fund in Wrexham were given training tailored to their specific roles; training was also provided to Ceredigion Council’s Welfare Reform Team and Tai Ceredigion & Catref Housing Associations and other partners.
- The Team provided input to the Welsh Government Financial Inclusion Direction Group and the Team also attended the North and South and Mid-Wales forums;
- Stop Loan Sharks Event, Llangefni, Anglesey: training sessions were held for a total of 23 Communities First workers, Councillors, Citizens Advice staff and voluntary sector representatives. As the new Communities First clusters become more established, the team are maximising opportunities to raise awareness, and extending links to the related Family First and Flying Start networks. In particular, Bridgend and Swansea have arranged a series of events featuring the Team. Six individuals or organisations across Wales were invited to Cardiff for the presentation of their Stop Loan Shark awards and lump sums from Proceeds of Crime to carry out further campaigning to raise loan shark awareness;
- HMP Cardiff now has freephones on each landing to enable inmates to report loan sharks. Discussions have taken place to introduce this to HMP Swansea;
- The team continued to maintain close links with Citizens Advice Bureaux across Wales, attending various events and providing training including to all Welsh Money Advisers working on the Money Advice Service advice contract;

- The Swansea Council for Voluntary Organisations and Pembrokeshire Association of Voluntary Service were trained, and the Gwent Association of Voluntary Organisations invited the team to address 120 delegates at their annual conference;
- The team continued to train police in South Wales, Anglesey, Dyfed Powys, 50 senior police officers in North East Wales and North Wales Police Community Support Officers;
- Media interest in the team remained high with interviews were given to Capital and Heart FM. BBC's Week In Week Out produced a programme about the team's work.

### **9.3 Stop Loan Sharks Champions 2014**

The NTS England Illegal Money Lending Team elected eight category winners, two from each of four categories, who had made an exceptional impact in highlighting this crime and encouraging victims to come forward. Following a public online vote, the winner of the Stop Loan Sharks Champions 2014 was the 5th Tilehurst Girl Guides from Reading. As well as winning £1,000 proceeds of crime money towards a Stop Loan Sharks project they also won a Trading Standards Institute National Heroes Award for their work on a Stop Loan Sharks challenge badge that has been rolled out across the country. The Girl Guides were invited to the House of Commons where they were given a tour and presented with their awards on the terrace by Consumer Affairs Minister Jo Swinson and Lord Toby Harris.

### **9.4 Example Cases -England**

#### **Thomas Kiely and Caroline Lewis**

Thomas Kiely was sentenced to a total of 26 months in prison after pleading guilty to illegal money lending, money laundering, two counts of benefit fraud and dishonestly failing to notify a change in circumstances knowing it would affect entitlement to benefit. Caroline Lewis was sentenced to a total of 10 months in prison after pleading guilty to four counts of benefit and money laundering. Warrants at the couple's home in April 2012 uncovered more than £4000 in cash, along with loan books and other documentation relating to the illegal business. £650 in cash was found at a second. The loan books, which were proven to be in Kiely's handwriting showed more than £100,000 worth of loans has been provided. The couple were unemployed, living in rented accommodation and in receipt of benefits. Records showed they had not paid any tax. Between November 2005 and August 2012, they had spent more than £150,000 in cash. They owned 4 vehicles, valued at over £60,000 and spent almost £14,000 between August 2010 and April 2012 on holidays.

#### **Stephen Chapman**

This was a confiscation hearing, following a previous successful conviction. Stephen Chapman was ordered to pay back £177,426.44 within 6 months or face a further 30 months in prison. In December 2012 he was sentenced to 8 months in prison after pleading guilty to 8 charges of illegal money lending. Judge Waller ruled that Chapman had made a total of £220,840 over a period of at least six years through the illegal money lending business. During sentencing in 2012 the court heard how Chapman gave around 144 loans to at least 86 individuals across nine surrounding boroughs in the London area. Some of the loan books dated back to January 2005. Typical loans were usually for fairly small amounts, although on some occasions loans of up to £5000 were made. Steep interest payments were usually added. Loans included a loan for £150 for which £240 had to be repaid within a period of just five months. Although borrowers were sometimes given paperwork at the beginning, they weren't always given this and soon lost track of how much they were repaying.

## **Julian Douglas**

This was a confiscation hearing, following a previous successful conviction Julian Douglas was ordered to pay back nearly £12,000 to the courts. His only asset was a share of the equity in his home, amounting to £11,550. He must pay back this amount within 6 months or face a further 8 months in prison. He had previously pleaded guilty to illegal money lending, money laundering and attempting to pervert the course of justice. In October 2013, he was sentenced to 20 months in prison.

Douglas made a total of £85,000 over a period of 6 years through his criminal conduct. £18,195 of this was through illegal money lending. Agreements found at his house showed he had loaned out around £32,000 and was expecting a return of almost £115,000. Following his arrest, Douglas was released on bail with conditions not to contact anyone listed in his records. However several people contacted the Team to state that Douglas had visited their homes or cold called from a different mobile number. He told them to continue paying the loans, destroy any documentation and not to tell the Team that he had been in contact. Following this, a fortnight after his first arrest, Douglas was rearrested for attempting to pervert the course of justice, and a further count of illegal money lending. He was remanded in custody.

## **Jaqueline Taylforth**

Jacqueline Taylforth was sentenced to 8 months in custody, suspended for 18 months. She was also given a 12 months supervision order with 120 hours unpaid work after pleading guilty to illegal money lending. She was arrested in July 2013 and admitted running an illegal money lending business over a period of nearly 7 years. Due to the fact that such loan records as were seized were largely impossible to read and some destroyed, it is impossible to calculate the extent of the business with any accuracy; however the records which were available proved she had handed out around £200,000 made up of at least 458 loans to at least 117 borrowers. Interest varied up to 100% on top of the loans and at the time of her arrest she was due a return in excess of £116,000. One person borrowed £2000 and had to pay a further £2000 in interest. She was subsequently ordered to pay back £132,045 under proceeds of crime legislation.

## **Arlyn Prizada**

Arlyn Prizada from Fulham was sentenced to 9 months in prison, suspended for 2 years. She was also ordered to complete 150 hours of unpaid work and pay back all of her available assets, worth £24,842 under proceeds of crime legislation. Prizada, pleaded guilty to illegal money lending and money laundering at a hearing in February 2014. During a search of her home in February 2013 investigators found more than £12,500 in cash, documentary evidence in relation to the illegal business spanning from 2009 to 2013 and passports and bank cards which did not belong to her. Her total criminal benefit was valued at £79,000 and nearly £100,000 worth of unexplained deposits went into her bank account between April 2009 and the date of her arrest. She had been lending without a licence to members of the local Filipino community. In interview she gave a full admission, telling officers that she has loaned money to at least 16 people, and the largest amount was for £2000.

## **Winston Marquez**

In July 2014, Winston Marquez (47), who operated as a loan shark in Stoke on Trent, was sentenced to 12 months in prison (suspended for 18 months). He was also given 200 hours of community service. Mr Marquez pleaded guilty to five counts of illegal money lending and one of acquiring and using criminal property. Mr Marquez operated as an unauthorised money lender from June 2010 to the date of the warrant (February 2014). Evidence showed that he had 30 regular clients who had nearly 90 separate loans. Over a 4 year period Mr Marquez made over £22,000. His customers were vulnerable members of the Filipino community living in the area. One customer took out 3 loans in 2009 and 2010 for £600 but he ended up paying back

£800. Another customer took out several loans of £100 and was asked to hand over his bank card and pin details as a security agreement.

### **Mrs Elisa Alcomendas and Mr German Alcomendas**

In September 2014, a husband and wife who operated as loan sharks were each sentenced to 14 months imprisonment following a hearing at Snaresbrook Crown Court. Mrs Elisa Alcomendas (56) and Mr German Alcomendas (55), pleaded guilty at an earlier hearing to 7 offences of illegal money lending. When investigators executed a warrant at the home address in Ilford, in November 2013, they found documentation which proved they had been involved in the illegal business since December 2007. Over that period they had lent over £300,000 to 43 borrowers. Money was lent to individuals that were known to them personally or through a third party with between 5% and 10% interest applied with monthly interest payments until the primary loan was repaid in full in a single payment.

Most of the victims came from the hospital where Mr Alcomendas worked as a nurse. One victim stated that at first he believed that the Alcomendas were helping his family but quickly realised that this was a business and that they were only interested in making as much money as possible from those that they lent to. None had any paperwork relating to their loans. One victim paid back nearly £11,000 from an initial £6000 which they had borrowed to visit their mother in the Philippines. Other victims borrowed the money to send home to fund treatments for ill relatives in the Philippines. Another borrowed to pay family funeral expenses as their relatives at home could not afford them.

### **Kevin Donaghey**

In September 2014, Kevin Donaghey (49), who operated as a loan shark in Worcestershire, was sentenced to 9 months imprisonment (suspended for 2 years) and 200 hours of community service following a hearing at Worcester Crown Court. In October 2013 officers executed a warrant at Mr Donaghey's address seizing cash, documentation and other evidence. These documents showed that Donaghey had been running the business since February 2009 until the date of the warrant. During that time he gave out over five hundred loans advancing over £170,000 to his customers.

1 victim who had a loan from Donaghey could not afford to keep up repayments. Donaghey turned up at his place of work shouting abuse. He described his life as a living hell because of his involvement with Donaghey. Another victim who took out a loan for £5000 was told he needed to give his driving licence and passport as security for the loan. He never received any documentation. The victim had to pay £1000 a month in interest until he could afford to pay the £5000 loan back in one lump sum. By the date of the warrant this victim had paid back £7000 in interest alone.

### **John Lewis**

In September 2014, John Lewis (72) from Plymouth was sentenced to 5 months imprisonment (suspended for 2 years) and 100 hours unpaid work following a hearing at Plymouth Crown court. Lewis pleaded guilty to illegal money lending and offences in relation to the possession of pouches of counterfeit tobacco with the intent to supply.

Lewis first came to the attention of the Team following a call to their hotline, which stated he was handing out loans and taking borrowers post office cards in order to withdraw from their accounts. He was also being investigated by Plymouth Trading Standards for supplying illegal tobacco. In June 2013, Trading Standards executed a warrant at his home uncovering post office cards and other documentary evidence. He admitted to officers that he had been lending money, claiming that he was "too generous".

When the Team executed a further warrant in January 2014, further evidence was found, including around 150 text messages discussing loans. Investigators discovered, that over a period of 3 years, Lewis had loaned in excess of £93,000 to at least 22 people. He would take borrowers bank or post office cards along with their PINs in order to withdraw directly from their accounts.

## **Thomas Joseph O' Donoghue and Dennis O' Donoghue**

In July 2014, 2 brothers who operated as loan sharks were sentenced to 6 months imprisonment suspended for 2 years following a hearing at Leeds Crown Court. Thomas Joseph O' Donoghue (56) of Harehills Lane, Leeds pleaded guilty at an earlier hearing to offences of illegal money lending and money laundering. He was charged along with his brother Dennis O' Donoghue (62) of Fairfield Terrace, Leeds who also pleaded guilty at a separate earlier hearing.

One victim borrowed £100 and was told to pay back £200 at £20 per week. If he ever missed a payment the balance would increase by £100. The debt then grew to the point where the victim was paying between £100 and £150 each week. Victims were left in desperate situations, borrowing money from family and claiming food vouchers. Thomas O'Donoghue, who was unemployed and in receipt of benefits, still took the vouchers in lieu of payment. Dennis is also in receipt of benefits.

Thomas O'Donoghue threatened a victim to ensure they kept paying, raising his fists and saying "I haven't used these in a long time, but I will." He told him he would damage his windows and use ex-boxers to collect payment. Dennis O'Donoghue also loaned money to, and collected money from victims, either alone or with his brother. Evidence showed that the illegal business had been running since at least October 2010. It appears that the business which the O'Donoghue's were involved gave 138 loans to 57 borrowers, loaning more than £20,000.

## **Joaquim Lara-Alves-Boal**

In August 2014, Joaquim Lara-Alves-Boal (52) from Hartlepool, was sentenced to 28 months imprisonment. He had pleaded guilty to charges of illegal money lending, money laundering, blackmail, attempted bodily harm, criminal damage, blackmail and assault. Mr Lara-Alves-Boal was arrested in January 2014. The business had about twenty clients and had been running for about four years. The average loan was between £300 and £500 and a £25 return per hundred pounds was asked for on top of the loan.

One victim who struggled to pay states he was visited at his home by Mr Lara-Alves-Boal who was 'ranting and raving about his money'. He declined to speak to him and shut the door. Immediately afterwards Mr Lara-Alves-Boal hit the front window of the house three times causing the outer glass pane to crack. Several weeks after this he was confronted by Mr Lara-Alves-Boal, in the street, over the outstanding repayments.

Sometime later the victim was walking in Hartlepool with a relative when he walked past Mr Lara-Alves-Boal again. The victim heard a 'click' and turned around to see him with a metal baton in his hand and the baton struck him on the arm. Another victim had a similar experience. When she left her place of work she was approached by Mr Lara-Alves-Boal who demanded money from her. He angrily waved round a metal baton and demanded money or that she hand over her mobile phone as collateral. As she couldn't pay he stated he would come to her house at a later date. He started to walk away then turned and stated: "If you don't pay, this is what will happen." He then slammed the baton against the railings. The victim stated that she was hysterical, and very frightened.

## **Stephen Basstoe**

In July 2014, at Basildon Crown Court, Stephen Basstoe (42) from Romford, a convicted loan shark, was ordered to pay back over £220,000. This includes £96,000 in compensation to three of his victims. He was also ordered to pay an additional £60,000 in court costs. He had previously been convicted of offences of illegal money lending and blackmail, and in October 2012, was sentenced to a total of 3 years in prison.

His assets included three houses and over £150,000 cash in his bank accounts. Basstoe ran the illegal business between January 2008 and the point of his arrest in February 2011, threatening borrowers and forcing them to pay back far and above what they borrowed and could afford. No paperwork was ever given in respect of the illegal loans. A typical interest payment would be £150 per month per £1000 borrowed until the whole amount borrowed could be repaid in one lump sum. If borrowers fell behind with payments, late charges

were added at £100 each day, meaning they fell deeper into a spiral of debt. In some cases this was increased to £500 per day.

### **Belinda Jane Hughes, Desmond Paul Cross, and Jacqueline Atkinson**

The investigation was an intelligence led operation in the North East looking at individuals residing at 5 different properties. The operation was assisted by officers from the Durham Constabulary. Checks were conducted and it was confirmed that Cross and Atkinson did not hold a licence. They were visited at their business address and were arrested and interviewed. Loan documentation, mobile phones, computers other documentary evidence were seized from all their premises. At interview they all gave a full response to questions and admitted to lending money. Documentary evidence consisted of ledgers/payment cards in the name of 'Door2Door Money' plus phone forensics which highlighted the discussion of the loans via messages between all 3 and customers about loans.

Cross was handed an 18 months custodial sentence, suspended for 2 years with a Supervision Order as well as a 3 month curfew the Consumer Credit Act matters, and 6 months concurrent on the Proceeds of Crime Act offence. Hughes and Atkinson each received a 9 months sentence suspended for 2 years, each to do 80 hours work. Atkinson also received 6 months concurrent for the Proceeds of Crime Act offence.

### **Charles Trouliotis and David Couch**

Information was received alleging that the defendants were lending money to other army personnel based at Royal Artillery Barracks, Woolwich. A victim soldier that had initially been identified was transferred to another barracks for his safety. In May, officers from the team, the Ministry of Defence personnel and the Metropolitan Police attended Trouliotis 's home and Couch's room at the barracks, where they were arrested and later provided a no comment interview.

Eight witness statements were secured from British Army personnel of lower ranks who confirmed that they had loans from both Trouliotis and Couch. A financial investigation revealed a possible twenty plus customers and bank accounts for Trouliotis and Couch showed substantial amounts of deposits from customers, which supported evidence found on mobile phones and other devices. The value of the business was over £150,000 over a 15 month period. At Woolwich Crown Court on Tuesday 16<sup>th</sup> December 2014, both Trouliotis and Couch were found guilty.

### **De La Cruz and Palfrey**

The defendants appeared at Swindon Crown Court and each pleaded guilty to 5 counts of lending without a licence and 1 offence under the Financial Services and Markets Act. The case included the attempt to remove the TV from the victims' addresses' and one victim having to hand over a car. In sentencing, His Honour Judge Mousley QC said, inter alia, " ...running a business which was well organised, exploiting those living their lives in financially straitened circumstances.... They can properly be described as vulnerable people.....Easy way to make money from people with a reduced ability to repay by making threats, increasing the sums due , intimidation and extortion...."De La Cruz and Palfrey were each sentenced to 10 months imprisonment.

### **Nestor and Georgina Serrato**

Mr Nestor Serrato, 42 and his wife Mrs Georgina Serrato aged 41 years pleaded guilty to numerous counts of illegal money lending and POCA offences and were sentenced to a 6 month custodial sentence plus 2 year sentence for POCA offences and a 10 month imprisonment suspended for 2 years plus 200 hours unpaid work. During sentencing the Judge noted that the business had operated for about 8 years at a relatively low level. He stressed the importance of the regulatory regime to protect the vulnerable and prevent exploitation

and said that 2 of the witnesses had been particularly vulnerable. The aggravating features were said to be the period over which the business had continued, a degree of organisation including the taking of cheques as deposits, the numerous bank accounts, vulnerable victims, relatively substantial rates of interest charged and no obvious end to the repayments.

### **John Cartwright**

John Cartwright operated as a loan shark in Merseyside. Cartwright was issuing around 50 loans per week. The interest he charged varied between 50 and 100% of the amount loaned. He was sentenced to 16 months imprisonment. Upon sentencing Judge Goldstone QC said "You have made a £100,000 profit by taking advantage of desperate people who were under pressure. It is not surprising that the victims did not cooperate and give statements out of fear. These people were desperate and vulnerable."

### **Bryan Smith**

Bryan Smith, 58, operated as a loan shark in Gloucestershire. Three loan books in the form of dairies were recovered along with several hundred handwritten payment records. These showed that in excess of a thousand loans were issued between 2012 and the execution of the warrant in 2014. Customers were charged, on average, interest of 60% of the amount borrowed. The customers were not provided with any form of written agreement or receipt which explained the terms on which the loan or hire purchase agreement had been made. Witnesses stated that Mr Smith lent repeatedly to customers and encouraged them to borrow. One victim said that Mr Smith would give her "top-ups" to existing loans without being requested to do so. He was sentenced to 14 months imprisonment suspended for two years and an 18 month supervision order and 250 hours unpaid work.

## **9.5 Example Cases -Wales**

### **Nondon Roy**

In December 2013, intelligence was received at the Welsh Team, that Nondon Roy (25) from Prestatyn, Clwyd was acting as an illegal money lender in that area within the Bangladeshi/Pakistani community. Roy was attempting to use the County Court Legal system to recover outstanding debts from one of his victims and had used an on line bulk clearing centre to issue court proceedings against him. The documents clearly show that money had been loaned. Enquiries were commenced and further witnesses were identified and statements taken. In January 2014 Officers from the Team, together with officers from North Wales Police executed an entry warrant at the home address of Mr Roy. The only item recovered was a mobile phone from which Mr Roy was attempting to delete items. Following the search Mr Roy was arrested and taken to St Asaph custody suit where he was interviewed in the presence of his solicitor. He admitted lending money but disputed the amount loaned and the fact that he was charging interest.

In February 2015, at Swansea Crown Court, Roy was sentenced via video link for two charges of Illegal money lending. He was sentenced to 4 months imprisonment, suspended for 12 months, and ordered to carry out 150 hours of unpaid work and pay £1000 in costs. He previously appeared at Caernarfon Crown Court on January 30 to plead guilty to two other charges against him. The court heard that Mr Roy was lending without a licence and charging interest in excess of 700% Annual Percentage Rate.

### **Bernard Bloom, John Bloom, Wayne Bloom**

Following the team's most extensive ever investigation, a Cardiff money lending family who were caught illegally lending cash to more than 400 people across South Wales, were prosecuted. Entry warrants were executed on 3 premises on 7th November 2013 at the home addresses of Bernard Bloom (78) and his sons



John Bloom (50) and Wayne Bloom (56). All pleaded guilty at Cardiff Crown Court to charges under the Consumer Credit Act. The Judge made it clear that Bernard Bloom must pay a hefty price for his stupidity in ignoring his responsibility to have a licence. Following their guilty pleas, on 26<sup>th</sup> February 2015 the Team successfully recovered £100,000 through a proceeds of crime application. Bernard Bloom was ordered to pay £100,000 within six months or face 2 years in prison and had to additionally pay a £2,500 fine and £4,600 towards costs. His sons were sentenced to conditional discharges.

## Chapter 10 – National Trading Standards Illegal MoneyLending Management Data

Enforcement	England Q1	England Q2	England Q3	England Q4	Total England	Wales Q1	Wales Q2	Wales Q3	Wales Q4	Total Wales	Total
Number of pieces of intelligence received:											
• Hotline	101	87	72	77	337	5	5	3	2	15	352
• E Mail	37	54	64	67	222	0	0	0	0	0	222
• Website	0	0	0	0	0	0	0	0	0	0	0
• Text message	0	0	0	0	0	0	0	0	0	0	2
• Police	26	32	36	36	130	2	2	2	0	6	136
• Trading Standards	7	11	2	5	25	0	0	0	0	0	25
• Other Council Services	7	7	0	0	14	1	1	0	0	2	16
• Crimestoppers	5	6	2	2	15	0	0	0	0	0	15
• CAB	0	1	0	0	1	0	0	0	1	1	2
• Credit Union/FCA	0	1	1	1	3	0	0	0	0	0	3
• Liaise/SIPO Work	74	65	70	103	312	5	4	0	0	9	321
• Other	2	1	1	3	7	0	0	2	0	2	9
Number of Operations commenced	85	95	65	89	334	9	11	9	2	31	365
Number of suspected illegal money lenders identified	129	189	199	208	725	9	11	9	2	31	756
Number of arrests made:											
A. For illegal money lending	13	33	17	24	87	2	2	5	0	9	96
B. For other offences relating to an illegal money lending case	1	2	2	0	5	0	2	5	0	7	12
C. In total	14	35	19	24	92	2	4	10	0	16	108

Enforcement	England Q1	England Q2	England Q3	England Q4	Total England	Wales Q1	Wales Q2	Wales Q3	Wales Q4	Total Wales	Total
Prosecutions:											
A. Number of <b>Cases</b> where proceedings have been instituted/ charges brought	5	7	6	2	20	1	2	1	4	8	28
B. Number of <b>individuals</b> who have been charged or had proceedings instituted against them for illegal money lending	9	12	11	2	34	1	2	1	4	8	42
C. Number of <b>individuals</b> who have been charged or had proceedings instituted against them for other offences	0	0	0	1	1	1	1	1	4	7	8
D. <b>Total</b> Number of <b>individuals</b> who have been charged or had proceedings instituted against them	9	12	11	3	35	1	2	1	4	8	43
Other Enforcement Actions:											
A. Number of <b>Cases</b> where other enforcement actions have been taken	0	0	0	2	2	1	0	0	0	1	3
B. Number of <b>individuals</b> who have had other Enforcement Actions taken against them for illegal money lending	0	0	0	0	0	0	0	0	0	0	0
C. Number of <b>individuals</b> who have had other Enforcement Actions taken against them for offences other than illegal money lending	0	0	0	2	2	1	0	0	0	1	3

	England Q1	England Q2	England Q3	England Q4	Total England	Wales Q1	Wales Q2	Wales Q3	Wales Q4	Total Wales	Total
Custodial Sentences:											
A. Number of Cases where custodial sentences have been handed out.	1	2	1	3	7	0	0	0	2	2	9
B. The number of individuals who have received custodial sentences.	2	3	1	6	12	0	0	0	2	2	14
Non-Custodial Sentences:											
A. Number of Cases where non-custodial sentences have been handed out	2	2	1	1	6	0	0	0	3	3	9
B. Number of individuals who have received non-custodial sentences.	2	3	2	1	1	0	0	0	3	3	4
Total Value of Loans made by Illegal Money Lenders	£867,030	£653,236	£3,061,419	£886,065	£5,467,750	£60,000	£125,000	£35,000	£20,000	£240,000	£5,707,750
Financial value of associated criminal activity:											
A. Total value of benefit fraud identified and reported/prosecuted	£33,720	£5,544	£18,052	£34,288	£91,604	£0	£40,000	0	0	£40,000	£131,604
B. Total value of other criminal activity identified and reported/prosecuted	£0	£0	£0	£0	£0	£12,000	£0	0	0	£12,000	£12,000
C. Total value of all criminal activity identified and reported/prosecuted	£33,720	£5,544	£18,052	£34,288	£91,604	£12,000	£165,000	0	0	£177,000	£268,604
Assets/ Proceeds of Crime Act											
A. Amount of cash seized	£64,868	£167,231	£209,063	£8,755	£449,917	£30,860	£0	£0	£0	£30,860	£480,777
B. Estimate of value of assets restrained under S41 POCA	£350,000	£20,000	£250,000	£350,000	£970,000	£0	£300,000	£0	£0	£300,000	£1,290,000

	England Q1	England Q2	England Q3	England Q4	Total England	Wales Q1	Wales Q2	Wales Q3	Wales Q4	Total Wales	Total
Assets/ Proceeds of Crime Act											
C. Total Criminal Benefit of IML (assessed by Prosecutor)	£879,698	£148,000	£631,056	£550,000	£2,208,754	£0	£0	£0	£0	£0	£2,208,754
D. Amount awarded by Confiscation or Forfeiture Order	£182,086	£359,426	£124,033	£70,134	£735,679	£0	£0	£0	£100,000	£100,000	£835,679
E. Compensation awarded to victims	£0	£96,000	£0	0	£96,000	£0	£0	£0	£0	£0	£96,000
F. Total Criminal Benefit of IML (agreed by the Court)	£0	£142,000	£861,049	£752,236	£1,755,285	£0	£0	£0	£0	£0	£1,755,285
G. Total amount of money laundered, by Loan Sharks	£220,840	£372,115	£861,049	£500,556	£1,954,560	£0	£0	£0	£0	£0	£1,954,560
H. Total amount of money laundered, by offenders other than Loan Sharks	£190,000	£0	£0	£0	£190,000	£0	£0	£0	£0	£0	£190,000
Total number of victims identified	285	493	370	444	1592	26	28	15	5	74	1666
Direct/Actual savings to victims at point of intervention (illegal debt to loan shark only)	£4,679,200	£4,097,300	£1,155,300	£341,832	£10,273,320	£50,000+	£24,000	£15,000 +	£18,000	£107,000 +	£10,380,320 +
Number of victims with illegal debts written off at the point of intervention	234	493	370	444	1541	12	8	4	2	26	1567
Number of victims provided with support, both direct and indirect.	285	493	370	444	1592	15	23	15	5	58	1650
Total value of victim debts, assessed through intensive casework support	£329,250	£221,400	£235,006	£255,810	£1,041,466	£85,000	£20,000	£15,000 circa	£18,000	£138,000	£1,179,466

Table 7 – Illegal Money Lending Management Data

## **Chapter 11 - National Trading Standards Safety at Ports and Borders**

### **11.1 Overview**

For 2014/15, the Board continued to fund the core teams at Felixstowe (Suffolk TS) and Southampton (Trading Standards South East Ltd). In addition Suffolk received a ring fenced grant for running the safety Single Point of Contact centre. Overall the work at the ports and borders that are National Trading Standards funded prevented 5 deaths, 1,550 fires and 1,809 serious injuries from occurring with a total saving to society in monetary terms of £79,546,900.

In 2013/14, an end of year report was prepared and following consideration of its recommendations, the Safety at Ports and Borders Governance Group agreed to provide grants, ranging from £5,000 to £50,000, to the following work areas:

- Slough and Warwickshire for continued work at Langley and Coventry postal hub;
- Manchester, Leicestershire and Hillingdon/Hounslow for continued work at Manchester, East Midlands and Heathrow Airport;
- Thurrock for continued work at Tilbury and London Gateway.

It was also agreed to provide a small amount of sampling monies for other authorities who had been involved in the project in 2013/14 but were not going to receive specific grants for 2014/15 as the level of problems/detriment was not as high as in other areas. This was to help support the stance that all have taken, which is that the seed funding/capacity building that was done last year means the authorities will all carry on with some level of surveillance activities this year even though not receiving grants to do so. Most also said that by participating in this work, it had raised the profile of Trading Standards Services within the local authorities with senior officers and councillors.

Throughout the year the projects gained momentum with operational activity and sampling on the increase. Officers involved in the work incorporated the market surveillance at border points into business as usual and gained competency, confidence and local knowledge. There was considerable sharing of information and best practice, with officers visiting border points to gain valuable practical work shadowing experienced officers.

The joint work instruction from NTS and UK Border Force was issued this year and provided a clear steer about the expectations of effective joint working by both organisations with subsequent improvements to working arrangements in areas that had previously given cause for concern notably Manchester and East Midlands Airports. Work at the two postal hubs in Coventry and Slough expanded to include electricals and toys. UK Border Force were supportive and provided additional support to Trading Standards as their positive relationship and increasing interest in supporting this work developed.

Thurrock Trading Standards are now well established at their two ports of Tilbury and Gateway. Heathrow airport generated more work for both Hillingdon and Hounslow Trading Standards who dealt with time consuming mixed consignments. Mixed consignments destined for fulfilment houses continued to take up considerable officer time at the border points. A reluctance by the importer to either provide genuine test certificates or to surrender goods for destruction results in officers sorting each consignment, item by item, to establish what is safe and can be released and what is not and has to be detained. DHL have an additional hub based at Heathrow and the risk posed by this private postal hub has also been explored.

Illegal and dangerous cosmetics, especially skin lightening cream remained an issue. Manchester airport, Coventry postal hub and Tilbury all detained large amounts of unsafe cream this year. A substantial amount of unsafe toys and electricals were also detained by trading standards at border points this year. In the run up to the Christmas period the projects saw an increase in unsafe consumer products being imported via a variety of border points notably toys and electrical items. 'Frozen' dolls were this year's 'must have' toy, and the cheap

counterfeit versions were proving to be dangerous, in some instances containing levels of phthalates 51% in excess of the legal limits.

Kent Trading Standards joined the project this year as there is an emerging issue with unsafe consumer goods imported into the UK via Dover. Kent spent between January and March 2015 working to establish the volume and risk posed by consumer products imported through Dover. This will shape their work plan for next year. Essex Trading Standards also joined the project and are working on establishing a presence at Stansted.

## **11.2 Suffolk Trading Standards Single Point of Contact**

Data analysis carried out this year showed excellent outcomes for profiles set against high risk economic operators where the measure was the number of unsafe and non-compliant products intercepted at the border. 80% of profiles set in this way resulted in identification of unsafe and/or non-compliant products. Product based profiles produce outcomes with a lower percentage of unsafe and non-compliant products intercepted and with no pattern to their performance, however they did result in the identification of new high risk importers. The team continues to identify ways in which high risk economic operators try to evade border controls. Some of the challenges are also common to Her Majesty's Revenue and Customs and UK Border Force.

Constant review of profiles takes place to ensure that they can be managed within existing resources. The level of activity this year has increased significantly. The number of entries managed increased from a monthly average of 774 in quarter 1 to a monthly average of 1,281 in quarter 2 (an increase of 66%), this level was maintained during quarters 3 and 4. This is a 300% increase since April 2013. Key reasons for the growth in demand have been:

- Increase in the number of border points participating in the NTS project;
- The team has this year worked directly with other Market Surveillance Authorities namely the Health and Safety Executive Northern Ireland, Health and Safety Executive, the National Measurement and Regulation Office, the Vehicle and Operators Services Agency, the Vehicle Certification Agency and the Medicines and Healthcare Products Regulatory Agency;
- The team has continued to set profiles on both product categories and economic operators in response to identified risks as well as to assess compliance levels;
- The team aims to maintain a referral rate of 8-10% of all entries received.

The number of intelligence logs created by Trading Standards services in relation to product safety remained relatively low. Whilst there was an increase in product safety information logged on central intelligence systems, only 15% was not from Trading Standards border authorities. The Single Point of Contact's national perspective of activities undertaken at border points brings the ability to identify patterns of behaviour and emerging trends that would not have been identified at either a regional or local level. This is proving to be increasingly valuable in ensuring appropriate controls are in place, at the relevant border points and in identifying additional potential areas of criminality including Serious Organised Crime groups.

Funding supports Trading Standards border authorities based at the border location. However, consignments entering via these points can be en route to an External Temporary Storage Facility in the jurisdiction of a different authority. There is evidence to show that this has been noticed by some import agents who are starting to use these facilities as a way of avoiding border controls. The team has therefore been working with some London Boroughs and other relevant authorities to try and address this issue. However, this work has identified that some of these local authorities are very reluctant to get involved as product safety is not currently one of their priority activities.

Non Trading Standards Market Surveillance Authorities are still mainly driven by complaints and accidents but this year there was a shift to a more proactive and intelligence led approach, to some extent led by the work carried out with the Single Point of Contact. Work with these Authorities increased, particularly in relation to

the provision of key intelligence on the activities of high risk economic operators. In addition, coordinated controls were developed to ensure that maximum use is made of available resources. The Single Point of Contact continued to provide training and support to these officers.

The Single Point of Contact handled an increased number of import entries (50% higher than in the same period last year) reflecting that profiles were operating at 11 border points for the purpose of consumer product safety. This extension of border controls by Trading Standards was very successful and helped to ensure that controls were targeted at the points and on the economic operators/products posing the greatest risk. However, there were some inconsistencies of approach of different Trading Standards Services working at the border. Some of this was due to limited resourcing/facilities at some entry points and concerns about lack of experienced officers in some areas, again caused by cuts to local services. In addition, there are IT barriers which create difficulties and Suffolk are developing an Oracle based system to help address some of the difficulties created by having individual databases and the challenges of obtaining feedback on the outcome of interventions. Initially this will allow activities between the team and Suffolk imports team to be linked and help avoid some of the current duplicate inputting. It is hoped that, at the end of this year, this facility will be accessible to all Trading Standards border authorities which should help reduce the time spent by them on data inputting.

The lack of adequate resources within some local Trading Standards Services has affected the efficacy of controls and their ability to feedback on their interventions. Another problem was the lack of adequate examination facilities at some border points such that high risk consignments cannot be examined at the border. The Chairman of National Trading Standards raised this issue with the BIS Minister who wrote to the relevant ports seeking further co-operation in providing improved facilities.

The new process for receiving import documentation began in February requiring agents to send documents direct to the team rather than via the National Clearance Hub. This has made the process more efficient for traders and the team.

The team distributed monthly "what's hot and what's not" bulletins to authorities at all UK border points to ensure that controls reflected current and emerging risks. In addition, the quarterly intelligence reports, disseminated widely, produced positive feedback from a number of enforcement agencies including Border Force, who used them to inform other border controls and strategic planning. Regional strategic and tactical assessments were increasingly informed by the Single Point of Contact intelligence report. These reports have also generated joint planning as with work undertaken in conjunction with Trading Standards East Midlands on e-cigarettes.

Other work the team has been involved in this year includes:

- Contributing to the European Union led E-commerce review and collating data for BIS in relation to border controls undertaken during 2012 and representing the UK, with the Home Office, at an informal European Union Expert meeting on high risk fireworks in Brussels in August;
- Attending the two day Prosafe "Continuous Improvement in Market Surveillance" review as well as the Third Annual Market Surveillance meeting;
- Hosting a visit of 12 BIS officials as well as a visit of the Director of a postgraduate course in product safety being run by the Organisation of American States. Also hosting a visit of 8 officials from the Korean Government and the Korean Product Safety and hosting a visit from the European Commission in November. All related to sharing UK's best practice.
- Contributing to the UK's response to Technical Regulations Directive relating to a national measure being proposed for pyrotechnics by the Netherlands;
- Visiting Falkirk Trading Standards and the Port authorities at Grangemouth to develop appropriate systems, processes and methodologies for border controls, in response to a request for assistance following referrals from Customs officers;
- Initial meeting with the British Retail Consortium on information sharing and collaborative working;



- Representing the UK at a European Union meeting on pyrotechnics, helping to lead work on risk assessment and border controls;
- Providing “expert” advice to BIS which helped influence the outcome of a House of Lords debate on product safety.

In terms of intelligence gathering, LED lighting products and egg incubators were two “new” products with very high failure rates. Emerging trends include the continuing and increasing challenges of businesses using the fulfilment house business model; the continuing trend for consumers to purchase/sell products via the internet but with little or no knowledge of product safety issues; the lack of easy access for these people to sound advice and guidance as to their product safety responsibilities; the continuing and increasing availability of products, previously available only to those with specialist knowledge; the identification by the Single Point of Contact of new and various steps taken by importers and their freight agents to avoid controls by any enforcement agency.

### **11.3 Suffolk Trading Standards work at Felixstowe**

This year, Suffolk imports surveillance team identified importers trying new and innovative ways to avoid product safety controls at the Port of Felixstowe. New ways to avoid detection included using names and VAT numbers of other businesses, concealing their products in the consignments of other businesses, declaring the entry paperwork out of hours so there is less chance an intervention will happen and moving some of their operations to airports. This has not proved as successful as hoped. With the cooperation of the Single Point of Contact, their activities have been tracked and referred to colleagues in relevant local authorities for subsequent intervention and follow up.

The team saw an increase in complex interventions resulting from more effective targeting. These types of interventions are extremely time-consuming for the team and can impact on capacity. Between January and March 2015, a total of 49,219 products were assessed as unsafe as compared to 14,561 between October and December 2014. This is an increase of 338% and was due to a number of complex consignments. These consignments generally contained a wide variety of low value products. In most cases the entry paperwork was inaccurate so officers needed to robustly examine and log not only each individual carton but also each product in each carton since carton labelling was inaccurate. 90% of these consignments were detained at the port pending full assessment and possible product testing. This was a key factor in the decision by the Team to purchase a container to provide additional storage space without moving the goods out of Customs controlled facilities.

In addition, there are occasions where unsafe products are destroyed at the border and there is currently no legislative requirement for the importer or his agent to pick up these costs which has the potential to create financial risk for the team. To manage and minimise this risk, a process is in place with the port authorities that enables the goods to be detained at the border until the importer has both agreed the process for destruction of the products and also paid the invoice. As products detained at the border point incur charges, there is an incentive for the importer to resolve the matter.

The Team has identified an issue with the ability to contact local Trading Standards services. Increasingly, authorities provide only a generic contact address which may not be monitored or managed as effectively as is needed.

Identifying compliant products can be as valuable as identifying non-compliant/unsafe products since it enables the team to establish risk levels of an importer. In terms of unsafe/non-compliant products, new fulfilment houses handling unsafe products were identified and intelligence passed to the Single Point of Contact.

The team has worked with Sandwell Metropolitan Borough Trading Standards as 3 businesses using the fulfilment house model were identified in their area in the last 4 months of the year. All consignments contained unsafe products which were destroyed at the border. The team works consistently with the inland authorities to implement the most appropriate course of action. For example, as a result of a referral from the team to Suffolk Trading Standards, a Suffolk based importer is being prosecuted for 3 separate offences, one including fraud for knowingly supplying fake safety certificates.

There was a significant increase in the percentage of non-electrical products assessed as unsafe/non-compliant. These consisted mainly of a variety of toys and LED bulbs. The team identified LED bulb compliance levels as an emerging issue which was referred to the Single Point of Contact. There was no particular conclusion to be drawn as to which products were most likely to be unsafe as they included, aquarium lights, chargers, DVD recorder, black henna, chainsaws, scooters, skateboards, swim ring.

All interventions where non-compliances were identified were referred to the relevant Home Authority and other Market Surveillance Authorities. A variety of other measures were undertaken including product recalls, destruction of products, re-work of the products and one potential prosecution. The team created, with the help of cosmetics lead officer Richard Knight from Essex Trading Standards, a border checklist for cosmetic products which was sent to the European Commission to roll out to all European Union border points.

The team provided training for officers from Surrey Trading Standards department and provided awareness training for an officer from a London Borough. The feedback received was very positive.

*"We found the External Transit Storage Facility training provided to us very useful. The training included a good balance of both practical and theory work....it was great that the training programme was also truly flexible which enabled us to carry out a number of interesting inspections at the Port as soon as they came in. Training on the profiling and intelligence was particularly interesting, as were the procedures that are followed when taking samples from the consignments. ....We would recommend the training provided by Suffolk to anyone who intends to carry out this work."*

A number of projects running across several border points were set up to monitor and establish risk levels for specific products. These included sunglasses and table top ovens. Previous border controls for sunglasses had identified high levels of non-compliance and this project was intended to assess the extent to which compliance levels had improved. The table top ovens project reflected some, though limited, evidence of safety issues and the aim was therefore to improve knowledge of the state of the market in this sector.

The team also hosted a visit from a senior enforcement officer from the National Measurement Office which resulted in an increase in joint assessments and referrals. The team also initiated and delivered awareness training to over 30 Border Force officers on product safety issues and high risks.

#### **11.4 Trading Standards South East work at Southampton and External Transit Storage Facilities**

Hampshire, Kent, Surrey, Slough and Southampton continued to receive funding for consumer product surveillance and sampling. 244 samples were sent for analysis during 2014/15. Sampling numbers over the four quarters ranged between 20 and 86 samples. The low number was as a result of grant funding for the project running out during the third quarter. However whilst there was a reduction in the number of samples taken between October and December 2014, this did not affect the % of total non-compliant and unsafe samples found. Over the 4 quarters this was seen to range between 83% and 95%. Whilst only 20 samples were submitted for analysis during quarter 3 it must be noted that 95% of these were reported as non-compliant or unsafe in accordance with product safety legislation. This year, the total saving to society the team made by taking unsafe and non-compliant goods out of the supply chain amounted to over £11 million.

It is also worth noting that whilst the Single Point of Contact was requested to stop referrals during the third quarter due to funding being spent (NTS subsequently confirmed additional funding in December following

notifications of underspends elsewhere), Southampton continued monitoring their internal manifest system. It was felt that high risk products identified should be sampled. Trading Standards South East agreed to cover the costs of any high risk sampling identified but this was limited. It is pleasing to note that scrutinising manifests still provides very good targeted outcomes in relation to identifying high risk consumer products. In addition, using manifests to detect consignments in advance of the ship arriving does improve ensuring consignments required for inspection are detained.

Portsmouth continued to support Southampton dealing with the Single Point of Contact referrals in excess of what Southampton can handle. These consignments are imported via Southampton Port and destined for fulfilment houses in the Portsmouth area and activity at the fulfilment houses by enforcement officers continues which has been funded directly by Trading Standards South East. In January 2015, NTS commissioned a project to look at fulfilment houses in England and Wales with the remit to recommend a consensus package of practical measures to tackle the issue of fulfilment houses. Funding for fulfilment houses, targeted and supportive of actions currently undertaken by Portsmouth City Council, will support the Safety at Ports work delivered by Southampton and deliver an overall improvement in product safety. It does not, however, tackle the issue of the same problem occurring in other European Union countries.

Southampton Trading Standards featured in a BBC1 documentary "How Safe is Your House". The documentary showed Trading Standards Officers sampling various consumer products thought to be unsafe at the port. The samples were then filmed being tested in the test house laboratory with staggering results. This demonstrated the vast quantity of unsafe or non-compliant products being imported from third countries.

Representatives from BIS visited Southampton this year in order to gain an understanding of how the product sampling activities at the point of entry work. They were shown actual examples of products rejected and subsequently destroyed due to those products being reported by the test house as unsafe. The group were also provided with a good understanding of the barriers officers face in relation to the work involved after the test reports indicate a failure. They saw that this follow up work to arrange the destruction of the goods and/or reworking of non-compliant products can require home authority supervision and is extremely time consuming.

In February 2015, the Team hosted a visit to the port by Jo Swinson MP (Minister for Consumer Affairs at the time) and Lord Toby Harris. Guests saw at first hand the inspection of a container of products taking place. They also had an opportunity to view a wide selection of non-compliant or unsafe consumer goods previously sampled and subsequently removed from the market. They both expressed how pleased they were to see how the money allocated to this worthwhile project is being spent and the excellent results being achieved. The port operator DP World has been extremely co-operative in hosting the many visitors to the port to see at first hand the work being undertaken for the ports project. The team hosted a delegation from Azerbaijan who asked to come to Southampton to gain an understanding of how the UK deals with official controls on imported consumer products from third countries.

Not only are the Single Point of Contact referrals being targeted adequately but also the inspections at point of entry are focussed on products that look likely to fail safety requirements. This work has a minimal impact on importers of compliant products as analytical reports are received on average 48 hours after the sample has been submitted to the laboratory limiting delays for importers of compliant goods. The team continues to have an excellent working relationship with the two test houses used, Hampshire Scientific Services and TUV.

This year, following a letter from Lord Harris, the Minister for Consumer Affairs wrote to all the major port operators to highlight the importance of the provision of port facilities for the inspection and control of consumer products and, as a result, the port operator at Southampton, DP World, set up a meeting to discuss improvements to assist with enforcement work at the port. This assisted in showing that consumer safety product testing is just as important as the work to control Food Safety being carried out by Port Health Officers.

## **11.5 Case Studies**

### **Electric Pet Fences**

A Single Point of Contact referral received in May related to a consignment of novel products being imported from China. Trading Standards Officers inspected the container and found pet electric fences. A sample was procured and sent to the test house. An adverse report was received and it was determined that the product was of an inadequate quality and was not considered to provide adequate protection against electric shock. This product presented a serious risk to humans. It also failed labelling requirements and was destined for a fulfilment house in Surrey. Southampton contacted Surrey Trading Standards who agreed to oversee the removal and destruction of the electric fences. The pet electric fences were subsequently destroyed.

### **Tooth Whitening Kits**

The Coventry postal hub stopped two parcels that contained 397 home tooth whitening kits. It was suspected that the kit contained an excess level of Hydrogen Peroxide. The test report showed that the product contained 61 times the permitted amount of Hydrogen Peroxide. Local Trading Standards were informed and visited the trader to discuss the outcome of this test. All the unsafe products were surrendered for destruction and intelligence, relating to the importer and product, was placed onto the intelligence database.

### **Cosmetics**

Also at the Coventry hub, a parcel was detained that contained cosmetics with the prohibited ingredient hydroquinone. Local Trading Standards were informed and when an officer visited the address, the owner of the shop denied all knowledge of the parcel. The officer noticed that there was a hair and beauty salon next door, so decided to do a quick inspection and found 55 products containing the banned ingredient on sale. The products were seized and surrendered and both retailers advised.

Surrey and Slough received cosmetics, hair extensions and skin lightening creams. 228 items containing hydroquinone were split from the rest of the consignment. The rest of the consignment had labelling errors but was not a serious risk to prevent entry. The matter is to be followed up by the home authority. One sample of skin lightening cream that did not declare hydroquinone on the labelling was taken as a sample for analysis to determine if hydroquinone was present and was found positive for this substance.

Kent County Council Trading Standards were contacted by UK Border Force having intercepted around 578 boxes of what appeared to be cheap cosmetic gift sets marked with Dior, Chanel, Bobbi Brown and MAC trademarks. This was one of the largest hauls of counterfeit goods Kent have ever encountered. Combined, the haul is estimated to have a street value of around £10 million. Some products were found to contain heavy metals and all products failed to meet labelling requirements. Counterfeit goods cause damage to legitimate businesses and traders and they leave customers out of pocket; poor imitations are often found to be dangerous to public health. The Trade Mark holders undertook to contribute to the cost of storage and destruction.

### **Chainsaws**

Nearly 1,000 chainsaws imported from China with a host of faults were seized. 486 boxes containing the self-assembly chainsaws were impounded at the Port of Dover in Kent. They were found to have three crucial faults, including a failure of the chain brake test, which measures the force needed to move the handle. It was also found that when the engine was running, the brake failed to work regardless of how hard it was activated. Tests showed that although the engine kill switch worked, it took longer than anticipated as it should stop immediately. This received national press coverage with the Daily Telegraph.

## **Scooters**

At Suffolk, the Single Point of Contact referred an entry for an individual who was previously unknown to the team. It consisted of a small consignment of 20 scooters. A sample was submitted for testing and was assessed as unsafe. The importer stated that the goods were for personal use by their children/grandchildren. They had not been declared for personal use and there was a company name on the invoice in the paperwork. The importer then submitted an email trail between her and the supplier via Alibaba showing an interest in being sent samples which she was going to sell. The team revisited and established that each model was unsafe. The visit also confirmed that the product description and photograph on the packaging was different to the product inside. The team informed the importer of their obligations as the importer of the goods who believed it was not their problem as they have been “ripped off by their supplier”, and that the exporter should deal with this on their behalf.

## **Targeting Importers**

An importer was referred to the Suffolk team by Customs after they identified items of interest. A number of samples were submitted for testing and were assessed as unsafe and non-compliant. A joint investigation was conducted with Wandsworth Trading Standards. A link was then established, via the delivery address, to another company who are known as an importer of non-compliant and unsafe products. Wandsworth acted on this to link the two organisations and are now interviewing directors of both companies with a view to taking action against them. They have also now established a link to another trader who is being investigated by Birmingham Trading Standards.

## **Dolls**

Warwickshire Trading Standards seized a significant number of Chinese imported fake and dangerous ‘Frozen’ dolls, at the Coventry Postal Hub. Dolls that were tested revealed that they contained phthalates, chemicals harmful to children. Children chewing toys containing phthalates can ingest the chemical, exposure to which has been linked to damage to the reproductive system and an increased risk of cancer and asthma. This led to the regional safety group conducting a survey on ‘Frozen’ toys that were on the high street. Of those seized and sampled 20% of dolls contained higher than permitted levels of phthalates. In three cases phthalates were 30% higher than permitted levels and in the worst case, 51% higher.

Southampton Trading Standards stopped a consignment of children’s dolls imported from China. The consignment consisted of 120 Beautiful Fashion Dolls and 360 Baby Lovely Dolls. Samples of both dolls were failed due to the presence of phthalates. On receipt of the test certificate the importer was advised that these were unsafe products and would have to be destroyed. The importer co-operated and Ealing Trading Standards agreed to oversee the destruction of the dolls.

## **Radios**

170 Baofeng Two Way portable radios and mains charging units were detained at East Midlands Airport by Leicestershire Trading Standards. The radios were imported by a French based company and destined for the Amazon fulfilment warehouse in Fife. The mains electrical charging/ docking units were found to be unsafe and the consignment was detained at the border. Leicestershire Trading Standards have written to the French importer with a request to surrender the goods. They made a referral to the French authorities who opened an investigation, and also made a referral to Fife Trading Standards concerning the Amazon fulfilment warehouse

## **Fireworks**

The imports team along with Health and Safety Executive and the Dangerous Goods Team at the port conduct annual intervention days at the Port of Felixstowe. The team worked closely with colleagues from the Health

and Safety Executive to identify products which have a high failure rate and also importers who have a history of being non-compliant. As a result of targeting process used, 50% of fireworks sampled were assessed as either non-compliant or unsafe, which is an excellent hit rate, considering that only 14 samples were taken in total. All samples were referred to the relevant Home Authority all of whom took some form of action. One consignment of fireworks was destroyed as it could not be brought back into compliance.

### **Magic Wand Speed Massagers**

Southampton received a referral in early March 2015 relating to a consignment of Chinese products for an importer who previously had imported non-compliant goods. The manifest supplied indicated there was a variety of goods likely to be a problem and an instruction was given to the port operator to present the container for inspection as soon as it arrived off the incoming vessel. The container was found to contain a consignment of Magic Wand Speed massagers. This was an electrical item which had not been seen before. The information provided on the packing indicated the function of the device was to relieve muscle tension. The test house reported, "The product poses a potential electric shock hazard." And additionally, the product did not meet the marking requirements. The consignment was returned to the manufacturer in China.

### **Electric Heaters**

In February 2015 Southampton received a referral regarding a container from China indicated to be carpets, furniture, camera's toy cars and power banks. The container was inspected. The power banks turned out to be electric heaters. The test house reported that the product did not provide adequate protection against electric shock and plus were non-compliant with standards. All the markings were in Chinese, no manual was provided, and the materials used were considered to be of poor quality. It was possible to touch one of the mains terminals on one of the switches and more than 1 centimetre of exposed wire left hanging. 500 units of this product were destroyed.

### **Firecrackers**

Following a referral from Border Force, the Suffolk team received a referral on a consignment containing 4 cartons of Decorative Chinese Firecrackers. The entry paperwork declared the products as toys. The product turned out to be Decorative Chinese Firecracker with a 2 pin plug for use in homes and Chinese restaurants. The item was assessed as unsafe. As the Chinese New Year was approaching, the team focused on producing press releases to inform the Chinese community of the dangers of this product as well as producing a Rapex alert. The importer was a Chinese supermarket which only deals with food products and this was the first time they had imported electrical items. The importer agreed to have the items destroyed and requested advice relating to further importation of electrical products from their local Trading Standards department.

### **Toys**

This case study relates to an economic operator who first came to the attention of the Suffolk team in February 2015. Initial risk factors identified high risk products including dolls and children's scooters, all at a very low relative value. A check with the importer's Home Authority revealed previous convictions for unsafe toys and that the business was currently being investigated for two more offences. An initial physical assessment of the consignment revealed toys which were poorly labelled and did not comply with the required safety standards. There were also 14 cartons of lasers pointers which had not been declared. Products detained by the imports team included approximately 1000 laser pointers which were too powerful for consumer use and therefore could not be considered safe and 80 toy scooters which posed a safety risk to children due to their design and dolls. The remaining products in the consignment were assessed as of low risk and released to the importer, under the supervision of the Home Authority. Of the 11 items tested, 10 were assessed as unsafe and one as non-compliant. This illustrates the value of working with the relevant Home Authority.

## Chapter 12 – National Trading Standards Safety at Ports Management Data

	Apr – Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Total
	Number ; %; Monetary Value	Number ; %; Monetary Value	Number ; %; Monetary Value	Number ; %; Monetary Value	Number ; %; Monetary Value
Samples taken					
• TSSE	73	65	20	86	244
• SUFFOLK	73	115	104	106	398
• ADDITIONAL	46	25	144	13	228
Compliant					
• TSSE	11; 15%	11; 17%	1; 5%	8; 10%	31; 13%
• SUFFOLK	22; 30%	26; 23%	23; 22%	35; 33%	106; 27%
• ADDITIONAL	8; 17%	6; 24%	41; 28%	4; 31%	59; 26%
Non-Compliant					
• TSSE	31; 42%	25; 38%	9; 45%	38; 44%	103; 42%
• SUFFOLK	32; 44%	40; 35%	34; 33%	23; 22%	129; 32%
• ADDITIONAL	30; 65%	11; 44%	48; 33%	6; 46%	95; 42%
Unsafe					
• TSSE	31; 42%	29; 45%	10; 50%	40; 46%	110; 45%
• SUFFOLK	19; 26%	49; 43%	47; 45%	48; 45%	163; 41%
• ADDITIONAL	8; 17%	8; 32%	55; 38%	3; 23%	74; 32%
Total non-compliant and unsafe for samples submitted					
• TSSE	62; 85%	54; 83%	19; 95%	78; 90%	213; 87%
• SUFFOLK	51; 70%	89; 77%	81; 78%	71; 67%	292; 73%
• ADDITIONAL	38; 83%	19; 76%	103; 72%	9; 69%	169; 74%
Unsafe items prevented from entering the supply chain (seized, forfeited, returned to point of origin).					
• TSSE	13,136 (£404,589)	49,811 (£1,534,178)	258,493 (£7,961,584)	61,523 (£1,894,908)	382,963 (£11,795,259)
• SUFFOLK	1,872 (£57,658)	25,530 (£786,324)	14,561 (£448,479)	44,651 (£1,375,255)	86,614 (£2,667,716)
• ADDITIONAL	12,000 (£369,600)	52,877 (£1,628,611)	24,423 (£752,228)	12,361 (£380,719)	101,661 (£3,131,158)
Non-compliant items identified, held or reworked					
• TSSE	110,273 (£3,396,408)	153,538 (£4,728,970)	18,879 (£581,473)	10,442 (£321,614)	293,132 (£9,028,465)
• SUFFOLK	112,021 (£3,450,247)	477,673 (£14,712,328)	211,108 (£6,502,126)	40,468 (£1,246,428)	841,270 (£25,911,129)
• ADDITIONAL	7,353 (£226,472)	432,481 (£13,320,415)	407,241 (£12,543,023)	29,976 (£923,261)	877,051 (£27,013,171)
Total unsafe/non-compliant items prevented from entering supply chain.					
• TSSE	123,409 (£3,800,997)	203,349 (£6,263,149)	277,372 (£8,543,057)	71,965 (£2,216,522)	676,095 (£20,823,725)
• SUFFOLK	113,893 (£3,507,905)	503,203 (£15,498,652)	225,669 (£6,950,605)	85,120 (£2,621,684)	927,885 (£28,578,846)
• ADDITIONAL	19,353 (£596,072)	485,358 (£14,949,026)	431,664 (£13,295,251)	42,337 (£1,303,980)	978,712 (£30,144,329)

Table 8 – Safety at Ports Management Data

**Overall % unsafe/non-compliant = 77% (674/870);**

**Total monetary value = £ 79,546,900**

Monetary value calculated on the basis that each unsafe item held or re-worked taken out of the supply chain saves £30.80 as identified in the March 2014 Matrix report.

	Serious Injury Avoided	Fires Prevented	Lives Saved
Well-Being Detriment	1,809	1,550	5

Table 9 – Well-being detriment prevented by Safety at Ports Work

Well-being detriment calculated on the basis of formula produced by Matrix linking unsafe and non-compliant items detained with physical harm averted.



## Chapter 13 - National Trading Standards Scambuster Teams

### 13.1 Overview

The Scambuster Governance Group continues to meet to provide oversight of the work. Terms of Reference were altered to ensure the formal governance takes place by the NTS Board members but is underpinned by an Operational Coordination group which comprises representatives of all teams. The Board also decided to merge the Scambuster and eCrime Governance Groups together from 1 April 2015.

During the past year the NTS Scambuster Teams have collectively achieved the conviction of 55 defendants, with custodial sentences of more than 75 years and suspended sentences of over 22 years being imposed. Amongst other things, further penalties include nearly 120 days of community service, three CRASBOS, three curfews, one tag and two people banned from being company directors. In addition, the Teams have obtained over £6.75m under the Proceeds of Crime Act, part of which came from what is believed to be the UK's largest seizure of illegal vehicles from a single rogue trader. The work of the Teams was highly praised by a Judge in relation to a pyramid selling case. One team was nominated for the Police and Crime Commissioner Partnership Award, for outstanding dedication to the force and the community; the Team were runner up.

During the year reporting mechanisms have been streamlined and a consumer detriment calculator was developed. The total detriment avoided (to consumers and business) through the Teams' interventions (determined using the percentage of the contribution x value of intervention) closed cases for 2014-15 was £139,172,055.

Following the high level review visits to the Teams in 2013, follow-up visits took place at the end of 2014 to assess how identified risks were being managed, review value for money, ensure regional tasking is effective, and that mechanisms were in place for the recovery of legal and Proceeds of Crime monies. With a few exceptions, the overall position of the Scambusters programme is a positive one, with some great results and publicity being achieved by the teams. Further work is required to fully embed Proceeds of Crime protocols and investigations across the Teams and to ensure that case tasking, management and review are delivering successful results. The performance of the North East region's Team however was not considered to be at the same level as that of the other regions. The NTS Board requested that the Programme Office, the Scambusters Governors and regional representatives of the North East, work in partnership to agree an action plan to address the issues identified. Funding for the Team will be reviewed on a quarterly basis for 2015/16.

Reviews of the Teams' operations during the liaison visits has led to a number of cases being closed this quarter because it was not feasible to take any further action due to a lack of intelligence, the perpetrators had ceased their trading behaviour or left the region, or there was no likelihood of a successful outcome. These operations have not been included in the completed case section below.

The Tri Region (East of England, London, and South East) continues to review and clarify the support the Team will provide to its local authorities. There is an expectation that the supported authorities will include in any proceedings offences from outside their area so as to present the full criminality to the court.

Subsequent to the review meetings with each team that were carried out in November/December and the recommendations given to the NTS Board in January, additional resources have been provided to enable the Programme Office to provide 3 days per week extra support to the Scambuster Governance Group, until November 2015.

The current performance framework has been reviewed and any areas that required attention and development have been followed up.

## **13.2    General Issues**

The South West Team has raised an administrative Issue that they believe requires clarification and guidance nationally concerning arrest and the provisions of Code G PACE relating to the statutory power of police to arrest a person who is involved, or suspected of being involved, in a criminal offence. Trading Standards Officers do not have the power to arrest but often work with police colleagues and arrange for an individual to be arrested on Scambuster Teams' behalf. The Teams are dealing more with organised criminal gangs and the only way to deal with them is by arrest and bail but some guidance on this is essential.

### **Good Practice**

The Yorkshire and Humber Team are redesigning their premises search book (new code of practice etc) and will share this with other teams.

### **Training**

Following the success of last year's 2 day event, this was repeated in February 2015. This provided an opportunity for the Teams to build upon their "One Team" ethos and the relationships forged last year as well as to share best practice and expertise, and showcase their achievements. The topics covered were Money Laundering, Cash Seizures and Proceeds of Crime; Investigating Social Networking Sites; and the Psychological Aspects of the Investigative Interview. Updates on the broader National Trading Standards' challenges, Scambuster Review Meetings and the Doorstep Crime Project and its findings were provided. A demonstration was given of a new system the eCrime Team is rolling out to the Scambuster Teams to facilitate easier searches of information retrieved from seized electronic devices. The overall feedback was positive, with a desire for such an event to be repeated.

As a consequence of the event the Wales Team are arranging further investigative interview training to enhance the investigation skills of the team in this vital area of work, and the CEnTSA Team has focused on Social Media Investigations training.

Members of the Teams have also attended training courses on Food Factory Inspections, Food Labelling, Intellectual Property, RIPA and information and practice in relation to Victim Personal Statements and Impact Statements for Business.

### **IDB**

To further enhance the Tri Region Scambuster Teams' use of intelligence and logging of Intel Reports all the core team have been provided with access to IDB for use in addition to the arrangements within the "host" trading standards authority that they are supporting. Training is being arranged.

### **Crimson**

Despite some access difficulties, which have now been resolved, all the teams are now able to use the CRIMSON case management system. Further training will be provided by the Programme Office and the database will be developed as a reporting tool for the Teams.

## **13.3    Publicity**

There have been a number of successful operations this quarter which have garnered press and television attention. In particular, Operations Spider and Stag have led to an interview and recording of seized goods for television episodes of BBC Fake Britain which will be broadcast in the summer of 2015. Operation Summit generated interest from BBC East Midlands and an item has been recorded for airing following sentencing on

12<sup>th</sup> June, and ITV Central and The Daily Mirror. Fake Britain has been filming a number of the Yorkshire & Humber Team's old and current cases.

Following the Wales Team's successful prosecution of Operation Trafalgar 3 years ago, the team were contacted by a production company commissioned to produce presentations for the annual Wales Public Health Conference that was held on 5 March 2015. The Team Manager gave a video interview where he explained how frequently the health and independence of victims of cold calling criminals declines rapidly once the realisation that they have been targeted sinks in, often leading to premature death. He emphasised, in particular, that although there is no causal link, the national profile shows this is a common outcome of this type of criminality. The Team is working with partners, such as Age Cymru, to obtain support for these victims and help to increase their confidence during the months following an incident.

### **13.3 Completed Cases**

These cases are examples of the main completed cases this year. This is not an exhaustive list.

#### ***Tri Region (TSSE) - Operation Kennet Cameo Auction Fraud Investigation***

Operation Kennet was a complex 2 year investigation by West Berkshire Trading Standards Service, supported by the Tri Region Team, who assisted in obtaining victim and witness evidence from across the country. The investigation focused on the activities of those involved in running of the former Cameo Auctions.

In April 2012 the business closed leaving a large number of former clients and suppliers unpaid. Trading Standards received hundreds of enquiries about lost money or goods and payments taken from payment cards. The auction had been running an account in a false name to bid on items. They were also discovered to have been selling clients' items on e-Bay having told the Insolvency Service they did not have them.

In March 2015 the defendants received the following sentences:

- Jonathan King, the owner, 5 years' imprisonment for four counts of fraud, 2 counts of breaching the Consumer Protection from Unfair Trading Regulations 2008 and 1 count of perjury.
- Beverley King, Jonathan King's wife, 2 years' imprisonment suspended for 2 years and given a 150 hours Unpaid Work Requirement Order in respect of 1 count of money laundering.
- Glenn Norcliffe, Auction Manager, 4 years' imprisonment in respect of 4 counts of fraud and 1 of false accounting.

The Trading Standards Service is now conducting an investigation to what assets can be recovered under the Proceeds of Crime Act 2002. Jonathan King and Beverley King have appealed their convictions. Losses to consumers are estimated at £276,000.00.

#### **South West - Operation Spider**

This investigation focused on JC Freight, Swindon, operated by Jocelyn Hunter. Proctor and Gamble identified the business as being involved in importing large quantities of counterfeit Gillette razor blades and Oral B toothbrush heads from China. The Team commenced an operation culminating in the arrest of Hunter and the search of her home address. The investigation uncovered evidence that Hunter was forwarding the imported goods to contacts in Eastern Europe.

In order to evade detection Hunter used a number of addresses in the Swindon area to receive packages, including those of friends and family, and rented commercial premises. She also used the name of the final customer as the addressee to avoid suspicion about the volume of mail arriving for her. Parcels were traced from China to the UK and between 2nd May and 30<sup>th</sup> June 2011 some 248 parcels were received by Hunter.

In January 2015, she pleaded guilty to 2 charges of distributing for sale counterfeit. In February 2015 she received 15 months' imprisonment. A POCA confiscation order was made for the sum of £34,000. The retail value of counterfeit goods she had been concerned in, had they been genuine, was estimated at £2.7m.

### **Tri Region (TSSE) - Operation Horatio - IP Crime**

This was an intellectual property investigation. In February 2015, the 2 main defendants, Inderjit Sandhu and Jaswinder Sandhu, pleaded guilty to all charges including fraudulent trading/money laundering for over 1 year. They were both sentenced to 200 hours Community Service Order plus a 9 months' suspended prison sentence. A full POCA case is being prepared. Both main defendants own properties and have assets.

### **Wales Team - Operation Fastnet (Becoming Green (UK) Ltd)**

This investigation into the misselling of the Green Deal Scheme by a business in Cardiff led to Abdul Muhith and David Neil Clarke who were, respectively, company director and head of operations of Becoming Green (UK) Limited, pleading guilty to Consumer Protection from Unfair Trading Regulations 2008 offences. Between January and April 2013, Becoming Green engaged in sales, by way of telephone cold calling followed by home visits, to persuade householders to make a payment of £299 as the first step towards becoming participants in the Government's Green Deal Scheme. Sales were provided with inadequate training and scant information about the Green Deal Scheme which they were marketing.

The prosecution emphasised the advanced ages of the victims, and that the defendants failed to properly explain the financial elements of the Green Deal to them, in particular, that the financial obligations passed to subsequent purchasers and could affect the future sale of their property. Muhith was fined £15,000 and Clarke was fined £7,500 for unfair trading offences. Both were ordered to pay £2,500 as a contribution towards the prosecution's costs. Muhith was also ordered to pay £1,794 compensation to his victims and Clarke was ordered to pay £598.

In February the BBC Wales consumer affairs program X-ray ran the story of the investigation and result as did the Daily Mirror. The team have also received a letter of appreciation from a householder who congratulated the team on their professionalism and customer service in the way they had been kept informed throughout and the successful prosecution.

The consumer detriment based on the complaint is £120,000.

### **Wales Team - Operation Jaguar**

This operation related to the activities of doorstep rogue trading in the Cardiff and Bridgend areas. Ronald Connors, 39, of Coedkernew preyed on vulnerable elderly people, conning them out of thousands of pounds for work carried out at their homes. One victim paid in excess of £160,000 for work estimated at no more than £6,000. Another paid over £20,000.

Connors pleaded guilty to 3 offences at Cardiff Crown Court of engaging in an aggressive commercial practice, contrary to Regulation 11 of the Consumer Protection from Unfair Trading Regulations 2008. He agreed to deposit the compensation of £161,000 outstanding to his victims. Following this he was sentenced to 15 months' imprisonment and a 10 year Criminal Behaviour Order (CRASBO) was also put on Connors banning him from canvassing the elderly door-to-door in future. He was ordered to pay all costs of his prosecution.

## **Wales Team – Operation Cosgrove**

This conspiracy to defraud case was the first Operation to go through the newly formed Wales GAIN Group, and led to the Wales Team being nominated for the Police and Crime Commissioner Partnership Award. This case covered 8 local authority areas and included 15 elderly complainants who had been cold called by rogue traders. Numerous identification parades were conducted and forensic fingerprint analysis formed a large part of the prosecution case. 4 defendants pleaded guilty to a conspiracy to commit fraud. The Wales Team led this investigation with support from two police forces and Newport City Council legal department.

In July 2014, Tom Connors, the leader of the gang, was sentenced to 38 months in custody. Richard McCarthy was sentenced to 24 months for the conspiracy to defraud and 1 month for the failure to surrender to bail. Keith Palmer and Ben Jones were sentenced to 11 months' imprisonment suspended for 2 years. They were also ordered to undertake 240 hours of unpaid work to take priority over their other work or family life. They are also subject to an electronic curfew. These 2 were also the subject of an anti-social behaviour order for 2 years. Following the case the Wales Team served the Criminal Anti-Social Behaviour Orders (CRASBO).

In February 2015, the Judge ordered that Thomas Connors had gained a benefit of £223,724 and the available amount for POCA was £46,403.77. He also ordered that he should pay within 28 days and serve 18 months in default. The court service will arrange for the compensation payments to be paid to all victims. The total equates to 83% of the money each consumer lost.

An anti-social behaviour order was made against both defendants, *Thomas Connors* and *Richard McCarthy* in the same terms and for the same length of time (2 years) as the other two defendants, Keith Palmer and Ben Jones (previously sentenced). A copy was served on both defendants in the court cells.

## **South West - Operation Sphinx**

Operation Sphinx, concluded at Bristol Crown Court in October 2014. This pyramid promotion scheme, involved the payment of £3,000 by 8 women at the bottom of the pyramid to the woman at the top, resulting in that person receiving £24,000. In total 11 women were charged with operating and promoting the scheme. The court decided to run two separate trials as the judge felt a single trial would be difficult with so many defendants and differing roles within the group.

The first trial concluded at Bristol Crown Court on 1 February 2013. Laura Fox, Jennifer SMITH – HAYES and Carol CHALMERS were found guilty for operating and promoting the scheme and sentenced to 9 months' imprisonment each.

Tracy LAURENCE, no verdict on operating or promoting. Rhalina YUILL, found not guilty to operating and no verdict on promoting. Both subsequently featured in the second trial.

One defendant, Sally Phillips, pleaded guilty at an earlier date and received a 3 months' suspended prison sentence, 3-months' tag and 3-months' curfew.

At the second trial, Jane Smith pleaded guilty and received 4.5 months' imprisonment suspended for 2 years and Rita Lomas also pleaded guilty and received 4 months' imprisonment suspended for 2 years. Yuill was found not guilty at the second trial and the jury could not reach a decision on Crane, Nash and Cameron.

A decision was made to continue with a third trial supported by NTS however, no evidence was offered against Laurence.

The third trial concerning Crane, Nash and Cameron was due to commence on 15 September 2014. All three pleaded guilty plea to both organising and promoting the scheme and were sentenced as follows:

- Hazel Cameron – 6 months' imprisonment suspended for 2 years.
- Mary Nash – 6 months' immediate custody.
- Susan Crane – 6 months' immediate custody.

The trial judge highly praised the work of Scambusters, Trading Standards and the OFT (CMA) in bringing the prosecution together.

*The projected consumer detriment avoided by prosecuting this case is estimated at £204,872,982.* This figure was accepted by the court. It is based on figures entered into the OFT calculator. During this investigation it was identified that there were over 900 active pyramid charts, each chart involving a financial input from victims totalling £24,000. Research into the charts identified 10,000 victims each averaging a £1000 investment into the scheme resulting in £20,000,000 being generated between 2008 and 2009. The headline figure is arrived at by entering the victims and investment into the calculator and therefore projecting a future consumer detriment saving.

### **South West and Wales Teams - Operation Starling**

The South West and Wales Teams worked jointly on evidencing the offences in this case. Both teams were supported by Avon & Somerset Police. Mark Jenkins was operating a business by the name of Pro-Fit Builders based in Wales. A number of complaints were received in Bristol and South Wales to the effect that Jenkins was taking large sums of money upfront from consumers for major domestic building work, such as extensions, kitchens, etc. and not completing the work. Jenkins was also failing to settle accounts with local traders and suppliers.

In April 2014, Jenkins was arrested by the police and subsequently interviewed by the South West and Wales Teams' officers. Jenkins indicated that he would plead to a between dates charge of Fraudulent Trading and take all other matters into consideration as he wishes to start again with a clean slate. On 23 October 2014 at Bristol Crown Court Jenkins was sentenced to 5 years' imprisonment.

Evidence to date shows the consumer detriment to be in the region of £1.5m. It is also estimated that the detriment to businesses and traders is a further £1.5m.

### **Tri Region/London - Operation Big Wing**

The Tri Region supported Redbridge Trading Standards on this Property Rental fraud that involved over 30 victims with substantial deposits, averaging £2000, taken by the agent for rental of property that was not available. Some of the victims included property landlords whose properties were sublet with rental income not being passed back to them.

In September 2014, at Snaresbrook Crown Court, Ali Raza Hussain SYED & Syed Faizan UI Hussain pleaded guilty to the charge of fraudulent trading. Ali Raza Hussain was sentenced to 10 months imprisonment suspended for 2 years, 200 hours community service and a curfew. Syed Faizan UI Hussain was sentenced to 6 months imprisonment suspended for 2 years, 200 hours community service and a curfew. Robina Ahmed has accepted a formal caution.

Compensation is to be sought from the defendants is £42,795.00 in respect of 15 victims.

## **Tri Region/London**

Tri Region supported London Borough of Redbridge with this cross regional doorstep crime investigation, which targeted residents in North-East London, Essex and Surrey. The suspects cold called elderly residents in relation to roofing and gardening work that was overpriced, unnecessary and poorly carried out. Losses were in the region of £1500-£2000 each.

The suspects were identified as father and son, William Baker and William Eastwood (Jnr). William Baker pleaded guilty to 2 of 3 charges against him and was sentenced, in November 2014 to 12 months' imprisonment, suspended for 2 years, with a requirement to undertake 200 hours of unpaid work within 12 months, plus 12 months Supervision.

The following ancillary orders were made:

- Compensation in the sum of £1525 to be paid to [Redbridge Resident]
- Compensation in the sum of £1850 to be paid to [Thurrock Resident]
- Contribution towards costs in the sum of £3000 (TRS costs are counted as part of this award)

Mr Baker was ordered to pay £1000 towards the above (compensation taking priority) by 19 December 2014 and the remainder to be paid at the rate of £125 per month from 19 January 2015.

## **Yorkshire & Humber - Operation Belle**

This case concerned a scam where the defendants claimed they could lower Council Tax rating and bills, for a fee of £145-£185 and if re-banding was successful, the business would be entitled to a percentage of the overpayment arrears refunded to the householder. This led to over 1,600 complaints to trading standards services throughout England about a number of businesses variously operating under the names 'Council Tax Review', 'CTR', 'Reband UK Limited', 'Household Claims' and 'Smartband'.

Jack Darrell HENRY and 3 of his co-defendants were indicted for conspiracy to defraud and money laundering. HENRY pleaded guilty and was sentenced to 5 years and 10 months imprisonment and was disqualified as acting as a company director for 13 years. Wendy Ann SMITH (a salesperson) was found guilty of conspiracy to defraud and money laundering and sentenced to 2 years imprisonment. John Charles BOON (the businesses' accountant) was found guilty of money laundering and sentenced to 6 months imprisonment suspended for 2 years. Asif IQBAL, a fourth defendant was acquitted.

The total criminal benefit of the fraud was over £250,000.

## **Yorkshire & Humber - Operation Hopsack**

This criminal case was completed some time ago. It related to various vehicle frauds including:

- Insurance 'write off' vehicles being sold as 'immaculate inside and out'
- Vehicles being sold with false mileage readings
- Vehicles being sold with 'full manufacturer's service history' when no such history existed
- A vehicle being sold which was subject to a finance agreement
- Vehicles being sold with various disguised faults such as a sand-filled radiator
- Vehicles being sold with false warranties.

Final Proceeds of Crime hearings were completed at the end of 2014. An award of £6.5 million was made under the Proceeds of Crime Act as a result of what is believed to be the UK's largest seizure of illegal vehicles from a single rogue trader. Confiscation Orders followed an investigation under the Proceeds of Crime Act by the North East Regional Asset Recovery Team and the Yorkshire and Humber Regional Trading

Standards Scambuster Team. The investigation found the total criminal benefit to these men and four co-defendants from their illegal enterprise to be £26,565,449.

- Kirk CLAUS was given a confiscation order of £6,203,025 which was determined by the Court as the available amount of his realisable assets. He was ordered to pay this within 6 months or face a further 7 years imprisonment. The benefit of CLAUS' criminal conduct was determined by the court to be £15,530,636.71.
- Wayne BRAY was given a confiscation order of £204,242.60 (2 ½ half years in default - criminal conduct was £9,806,069.02).
- Craig FIRTH was given a confiscation order of £30,058.10 (15 months' imprisonment in default - criminal conduct was £569,172).
- Michael ADAMS was given a confiscation order of £13,975 (9 months' imprisonment in default - criminal conduct was £472,544.97).
- David Patrick KELLY was given a nominal confiscation order of £1 as he did not have any realisable assets (criminal conduct was £86,000).
- Paul CLEMENTS was given a confiscation order of £101,000 (2 years' imprisonment in default – criminal conduct was £101,000).
- Chequered Flag Cars and Bikes Limited was fined £250,000.
- Compensation totalling £44,430.20 was ordered to be paid by CLAUS to 19 of the victims.

Total criminal benefit assessed to be £26,565,449.00.

### **Central England - Operation Pilot**

This was an investigation into the activities of a rogue builder who operated across the CEnTSA region. Complaints received were that consumers were paying large deposits and, on occasions, staged payments, for various domestic building work but very little work was actually ever being done.

Mr Ware had no building experience or qualifications himself; his background was as a salesman working in the building industry. He farmed the work out to various sub-contractors, however, in the main, the sub-contractors and materials suppliers were also not getting paid by Mr Ware. Statements were gathered from the consumers, from the sub-contractors and also from the trade suppliers, all of whom had been left out of pocket and all of whom were considered by the Team to have been victims of Mr Ware's dishonesty.

In April 2014, Mr Ware entered guilty plea to two 'overarching' offences under the Companies Act 2006 as well as the specific Fraud Act offences that related to VAT payments. On the day of the sentencing, Mr Ware told the court, under oath, that he was about to make £2m commission as a result of brokering a deal on behalf of a UK based renewable energy firm with government officials in Nigeria. The story was confirmed, under oath, by the person attending with Mr Ware, and who told the court that he was Mr Ware's current employer. It was said that the contract had to be signed off by the President of Nigeria, and that this was due to be done within days. The Judge decided to give Mr Ware an opportunity to make good on this offer and postponed the sentencing hearing to early July. She did say, however, that she was not ruling out a custodial sentence even if compensation was forthcoming.

In September 2014, Mr Ware returned to court without having made any form of compensation payments to any of the victims. The Judge viewed this extremely harshly and the defendant was sentenced to 2 years' imprisonment for each of the Companies Act offences (Fraudulent Trading) with no separate penalty for the separate VAT fraud issues. Mr Ware was also banned from becoming a company director for 5 years.

Enquiries made by the Team into the renewable energy company for whom Mr Ware now works established that it was incorporated in 2012 and that there was a proposal to strike the company off Companies House because of a failure to submit financial returns.



The loss suffered was approximately £160,000.

### **Tri Region/East of England case - Operation Neptune**

This case relates to a contract alteration scam in connection to the supply and maintenance of water coolers & equipment. The Tri Region Team had provided support to Suffolk Trading Standards since April 2012 focusing on evidence gathering and compilation of case papers.

The CPS had decided not to pursue this case, as they considered there was not enough evidence to prove that the suspects knew about the fraud. With over 200 instances of falsified agreements identified, Suffolk Trading Standards decided to proceed against 6 salesmen for offences of fraud by misrepresentation.

In June 2014, 4 of the 6 defendants were convicted of 19 counts of fraud by false representation. . The 4 were sentenced between them to a total of 36 months imprisonment, suspended, 490 hours unpaid work and ordered to pay costs totalling £14,400.00.

The level of fraud is estimated at £6,000,000.

### **13.4 Ongoing cases**

There are a number of significant investigations that are currently ongoing in all Teams. A few examples include:-

#### ***Yorkshire & Humber - Operation Flip***

This investigation concerns a Leeds based company that sells medical 'aids', mainly beds, to older people in poor health. Complaints to Citizens Advice revealed various Consumer Protection from Unfair Trading Regulations 2008 breaches, including failing to leave a customer's home when requested and obtaining a sales visit to a consumer's home on the pretext of a telephone 'health survey'. Having obtained a number of statements (including one from an ex-employee concerning telesales canvassers' use of an untruthful 'script') warrants were executed by the Team with the assistance of West Yorkshire Trading Standards and Police. BBC *Fake Britain* followed the event. The health survey script was found to be in use in the company's call centre. The company secretary and sole director were arrested and are currently on police bail. The company appears to have had an income of over £8m in the 3 years preceding the execution of the warrants.

#### **East Midlands - Operation Summit**

This investigation concerned the activities of two Nottinghamshire based groups carrying out roof coating and general building work. They systematically targeted elderly and vulnerable people aged between 65 and 90. Victims were spread throughout the East Midlands, South Yorkshire, Cambridgeshire and Norfolk.

The trial for Group 1 commenced on 12<sup>th</sup> January and had been listed for 7 weeks. On the first day the two main defendants changed their pleas to guilty. Over the next week a further 4 defendants also entered guilty pleas. No evidence was entered by the prosecution for a further 2 defendants. Sentencing was originally set for 24<sup>th</sup> February however a dispute over the basis of the plea of one key defendant, who claims not to be the 'boss', has resulted in the team collating further evidence to further show the extent of his activities. A Newton hearing has now been set for 11<sup>th</sup> June and sentencing for the group will be on 12<sup>th</sup> June. The trial for Group 2 (4 defendants) commences on the 7<sup>th</sup> September 2015 and is listed for 6 weeks.

For Group 1 the consumer detriment for the witnesses contained in this file totals £231,000.

### ***Tri Region LoTSA – Operation Broadway (Day of Action, results and pending NTG bid)***

This investigation developed from Operation ROSA, which focused on crime reduction and education at Mail Forwarding Businesses and serviced offices. This is a joint operation with the City of London Police targeting boiler rooms, focused on disrupting activities of organised crime gangs (OCGs) and facilitators of fraud. During 2014, £1.73 billion was lost by thousands of investors across the UK, many of whom were deceived into investment frauds, the selling of wine, diamonds, rare earth products, antiques, carbon credits and graphene etc., linked to prestige addresses in London.

A recent day of action saw 16,000 leaflets distributed and visits to 25 serviced offices and 17 companies. Four virtual squatters were discovered, one phoenix firm was found and two companies were identified who mysteriously disappeared leaving all their things behind as they were in such a rush! There is also a growing concern that the imminent law changes in regards to the unlocking of personal pensions in April 2015 will mean people will be able to draw large lump sums of money for re investment and It has already been identified that criminals are preparing to take advantage of this. A National Tasking Group referral has been submitted for consideration of funding support for this initiative.

### **Central England Team - Operation KEY**

This investigation relates to the activities of a firm offering advice and assistance on immigration matters. Approximately 90 complaints have been registered with Action Fraud and over 30 with Citizens Advice concerning the company taking money from consumers across the UK but providing little or no service. The amounts paid out by consumers range from £700 up to £6,500. Although the investigation relates to a specific company, historical connections have been made to a number of other companies/businesses (some now liquidated), and identified at least 7 separate (but probably linked) companies and a number of linked telemarketing companies that act as a call centre for those companies. This has led to at least 18 individuals of potential interest to the enquiries. The Team has liaised with a number of partners including the Office of the Immigration Services Commissioner. The loss identified to date is £190,000, based on the known complaints.

### ***North East - Operation Jaculus***

All the investigations in this Operation are complete and a report for consideration of legal proceedings is due to be sent to the lead authority. This Operation involved intellectual property infringement in relation to Premier League content distribution/supply of IPTV (Internet Protocol Television - streaming of TV signals across the internet as opposed to receiving them via cable/satellite or aerial) boxes in contravention of Copyright, Designs and Patents Act 1988 (as amended). Assets linked to criminality; including property, seized cash, vehicles and money in bank accounts, including two off shore accounts in Jersey, have been restrained by the lead authority amounting to approximately £1,000,000.

### ***North West - Operation Best***

This an investigation into the large scale misselling of energy and telecommunications products by a number of companies based in the Lancashire area. The victims are typically small to medium sized businesses which complain of being contacted by brokers and being duped into agreeing to contract with a particular company, which the brokers claim represents the best deal for their needs. A variety of unlawful practices are said to be employed, including the brokers claiming to be from 'Meter Registration Services' in order to obtain the information required to place the victim's business with the particular energy company complained of, and lying to victims about the unit rate which the company will charge, and the length of time they will be tied in to a contract. Over fifty statements have thus far been obtained, and the execution of search warrants utilising partner agencies and police is planned for April/early May. This case is likely to stimulate a high degree of press interest because of the fairly high local profile of the main suspect.

## Chapter 14 – National Trading Standards Scambuster Management Data

General Outcomes	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Total
Number of Scambuster operations commenced	9	5	7	8	29
Number of Scambuster operations concluded	13	5	11	25	54
Number of Operations concluded where Scambusters gave assistance to another Agency	2	3	7	12	24
Consumer detriment avoided through Scambuster intervention in the above operations (percentage of the contribution by Team x value of intervention) includes Retail value of seized goods and Financial Value of Complaints that were the subject of investigation	£1,457,082	£3,201,812	£129,753,924	£4,759,238	£139,172,055
Number of defendants convicted	20	9	9	17	55
Total fines imposed	£400	0	£252,980	£22,500	£275,880
Total custodial sentences imposed	34 years 9 months	2 years	18 years 11 months	19 years 9 months	75 years 5 months
Total suspended sentences imposed	8 years 9 months	3 years 2 months	4 years 9 months	5 years 4 months	22 years
Community service penalties	1110 hours	490 hours	600 hrs	650 hrs	2850 hours
Other penalties	-	3 1 Co. Director Ban (5 yrs) 2 Written warnings	10 1 Co. Director ban (13 yrs) 1 simple caution 1 written warning 3 conditional discharges 1 tag 3 curfews 1 Supervision Order	6 1 written warning 1 x 10 year CRASBO 4 x 2 year CRASBO	19
Compensation awards to victims	£10,776	-	£54,491	<b>£212,509</b>	<b>£277,776</b>
Court costs awarded	£3,000	£14,400	£3,776	<b>£5,000</b>	<b>£26,176</b>
Enterprise Act Undertakings	-	-	-	-	-
Enterprise Act Orders	-	1	-	-	<b>1</b>
POCA Confiscation awards Imprisonment in default	-	-	£6,670,097 13½ years	£80,403	£6,750,500 13½ years
Publicity (includes press releases issued, TV, Radio, Article Local news items)	7 releases, 2 TV, 2 Radio)	3 cases on both TV/ radio	7 releases, 2 cases on both TV/radio, 1 TS Article,	5 releases, 4 TV	19 releases, 11 TV, 7 radio, 1 Article, plus local news

Table 10 – National Trading Standards Scambuster Management Data

## **Chapter 15 - National Trading Standards Scams Team**

### **15.1 Overview**

Mass marketing scams, which are often targeted specifically at vulnerable or disadvantaged consumers, cause approximately £3.5 Billion of detriment to UK consumers (based on 2006 OFT data) per year. However the Team believes this could be between £5 and £10 Billion.

The NTS Scams Team, which is hosted by East Sussex Trading Standards Service, became one of the NTS core funded teams for 2014-15. The Team currently has 9 staff, which equates to 7.5 FTEs, and has recently appointed two Project Assistants on one year fixed contracts.

Since the Team's inception it has continued to engage with national and local partner agencies. Throughout the year the Team has had the opportunity to participate at a number of conferences and has seized every opportunity to engage with politicians, both ministerial and local.

The Team has recently spoken at a ministerial summit concerning nuisance calls. The 2015 Budget Statement confirmed £3.5 Million will be allocated to deal with the issue of nuisance calls. It is hoped that the Team will attract some of this funding.

Lord Toby Harris, Chair of the NTS, together with Rupert Simmons, the East Sussex County Council Lead Member for Economy and Nick Skelton, the Assistant Director for Customers & Communities, visited the Team on Tuesday 31 March 2015 to learn about their work. .

The Team continues to actively engage with national partner agencies including the Metropolitan Police, Royal Mail, several other mail service providers, National Fraud Intelligence Bureau, Financial Conduct Authority, Citizens Advice, Information Commissioner, the Home Office, Think Jessica and more recently Age UK, the Pensions Regulator, the Office of the Public Guardian and the British Bankers Association. Partnership working has identified several potential victims, including victim lists, seized mail and single victims. The Team has over 190,000 names; with a further 55,000 confirmed victims in the pipeline, identified as a consequence of the Team's current investigations.

The Team approaches and enters into a service level agreement with a local trading standards service, and capacity allowing, that local authority commits to engaging with the victims that have been identified in their geographical area. The Team currently has 149 (76%) local authorities signed up, 117 (71%) in England & Wales<sup>i</sup>. The local authorities feed back to the Team at 4 week intervals, allowing consumer detriment and savings made for the individual as a result of that intervention to be measured. Where a local trading standards authority is unable to support the project then the Team will approach other agencies in the area to try to ensure the victims get the help they need.

The Team estimates that for every £1 spent they save £3 (based on £1,032,055 predicted and actual savings to consumers/£313,060 grant = £3.30).

### **15.2 Publicity**

Throughout the year the Team has received a lot of media attention which has raised the profile of Mass Marketing Fraud as a national issue. The Team continues to liaise with the National Trading Standards Communications Team regarding media coverage. In January the Team featured on *BBC Inside Out in the South*; the other shows are due to air later in 2015. The Team has been working hard to promote Scams Awareness Month (SAM) in July 2015.

The Team supported a Consumer Empowerment Alliance (a section of the Chartered Trading Standards Institute) Safeguarding Conference in Scotland in March 2015, where over 70 delegates attended, again raising the profile of the Team and the work on scams.

The Team supported Age UK with its Evidence Review on Scams (released in April 2015: *Only the tip of the iceberg: Fraud against older people* <http://www.ageuk.org.uk/latest-news/over-half-of-people-aged-65-targeted-by-fraudsters/>).

### **15.3 Banking and financial sector**

The Team has worked throughout the year to develop relationships with financial institutions, including an MOU that was circulated to banks. This work led to the Team becoming involved in a Home Office pilot concerning protocols to identify victims and perpetrators, and how each area can be tackled, the results of which should be available in the next six months.

During this year the Team provided information to the Financial Conduct Authority that contributed to their vulnerability study.

The Team continues to liaise with financial institutions to raise awareness of mass marketing fraud to persuade them to pass on information relating to their customers who are victims. As a consequence the Team has recently been able to pass information from a financial institution to local authorities so they can support identified victims.

The Team is also supporting three banks with their local campaigns to educate their local staff and local residents about scams and scam prevention.

### **15.4 Royal Mail**

Since the Team finalised and signed the official data sharing agreement with Royal Mail in Summer 2014, 15 Royal Mail training sessions have taken place in England and Wales making 27 in total (including Scotland). In England and Wales, 852 postal workers have been trained and a potential 638 addresses receiving scam mail have been identified. In addition, monthly tasking meetings with Royal Mail are taking place. The tasking process is proving a success, the aim being to cancel several key contracts with known scam companies. During early 2015, the Team has cancelled two contracts and issued a strike on three.

### **15.5 Partners**

The Team has been collaborating with other NTS teams this year. The Team has worked with the NTS Ports Teams to share information on where scam mail might be entering the country, as well as looking at other Trading Standards' offences such as food labelling. The Team is also working closely with the NTS Intelligence and e-Crime Teams and continues to highlight scams that also include Doorstep Crime, especially as victim profiles are one and the same.

The Team has recently become involved with subscription trap work and hope to be able to drive this issue forward and have a valuable input.

The Team has developed relationships with a number of UK partners this year, such as, the Office of the Public Guardian, the Charities Commission and the Financial Fraud authority, TNT, Home Instead and the Information Commissioner.

The Team has been undertaking a significant amount of work with Age UK, contributing to two pieces of its research: the recently published Evidence Review, as mentioned above, and one focusing solely on mass marketing fraud that will be published shortly. The Team is also looking at pilots utilising the Age UK befriending services.

The Team has been working hard to establish relationships with foreign partners and is currently working with several law enforcement agencies in Europe and more recently the Federal Trade Commission in America. This is an international problem and the Team is currently working on a strategy of how to co-ordinate approaches internationally.

The Team is currently working with the Chartered Trading Standards Institute on a safeguarding toolkit which will be showcased at the Institute's Conference in July. The Team is also working on a One Minute Guide on the Care Act and what it means for Trading Standards.

The Team has almost completed adapting the e-learning training package for Home Instead; this means the Team will be able to provide training to Care Providers working in the private sector to highlight the issue of scams and to provide a reporting mechanism.

The Team have been working with Western Union to identify partnership opportunities and how to flag victims that may be using their services and are victims of fraud.

#### **15.6 Best Practice, Information and Training**

Throughout the year the Team has been sharing best practice and providing training. Currently the Team:

- is in the system development stage of the new Flare system implementation as a result of the additional funding allocated and this will provide a leaner system and avoid duplicates
- is planning a round table event for all mail providers
- intends to launch a module of the Practitioner's Toolkit shortly; this will be sent to a focus group and then circulated further
- has 235 members signed up to the Scams Team Knowledge Hub.

#### **15.7 Interventions**

The Team has been involved in several interventions over the past year, and is currently involved in the following:

- following the Team's recommendations Royal Mail have cancelled two large contracts and issued strikes on a further three accounts held by Royal Mail
- an ongoing case that has resulted in a joint investigation with the Police and has already and will continue to have a huge impact on mass marketing fraud within the UK
- a recommendation to the Financial Conduct Authority for a credit license revocation
- seized 10-11,000 pieces of mail with the help of a local authority
- 3 cases where local authorities have been supported: one resulted in disrupting a known company that the Team had previously disrupted and two PO Box addresses were closed
- 3 referrals have been made to the Advertising Standards Authority
- 12 Team investigations are currently ongoing
- £78,217.35 has been sorted into local authority areas ready to be sent out in April/May 2015.

## Chapter 16 – National Trading Standards Scams Team Management Data 2014-15

General Outcomes		Prior to 1/4/14	Apr – Jun 2014	Jul - Sep 2014	Oct – Dec 2014	Jan – Mar 2015	Totals for 2014/15
Disrupt UK based enablers of Mass Marketing Fraud	Number of successful disruption/enforcement actions that have been supported or are as a result of the National Trading Standards Scams Team and its work		9	4	5	15	33
	Number of pieces of advice given to local authorities		10	5	3	5	23
	Number of pieces of advice given to other organisations (specifically relating to particularly mailings and their legality)	35	35	0	2	7	44
<b>Through Effective Partnership identify the silent victims of scams and facilitate an intervention for a consumer</b>	Number of key partners signed up to the project/Increase awareness of mass marking scams in all organisations that deal with potentially vulnerable people	14	1	3	3	6	13
	Number of Local Authorities (Inc. Scotland) signed up to Service Level Agreements, this is overall not annually	113	19	8	6	3	149
	Number of scams victims identified by the team from victim lists supplied	549	81	2970	1264	4949	<b>9264 (80%)</b>
	Number of pieces of consumer intelligence received (victim lists, single victims)	110,083	45,335	7,590	0	10300	63225
	Number of referrals received						4429
	<ul style="list-style-type: none"> <li>• Think Jessica</li> <li>• Royal Mail</li> <li>• MPs</li> <li>• Swiss Post</li> <li>• MET</li> <li>• Northern Ireland</li> <li>TOTAL</li> </ul>		62 355 18 127 45 5 612	13 3,590 0 30 0 0 3633	29 57 0 83 0 0 169	15 0 0 0 0 0 15	

General Outcomes		Prior to 1/4/14	Apr – Jun 2014	Jul - Sep 2014	Oct – Dec 2014	Jan – Mar 2015	Totals for 2014/15
	Estimated consumer detriment (based on local authority estimates that a consumer has lost to scam mail in the past)	£2059576 (average £3269 each confirmed victim)	£1,137,420 (average £14042 each confirmed victim)	£2,439,944 (average £821.50 each confirmed victim)	£3,059,368 (average £2420 each confirmed victim)	£1,743,567 (average each confirmed victim)	£8,380,299 (average £904.60 each confirmed victim)
	Estimated consumer savings from interventions (the savings the local authority estimate from the intervention, i.e. Mr Jones would have sent £20k per year but after being told by TS he is being scammed he doesn't send any more, therefore TS have saved him 100k)	£1247235 (average £2272 each confirmed victim)	£37,201 (average £459 each confirmed victim)	£36,194 (average £12 each confirmed victim)	£678,229 (average £537 each confirmed victim)	£93,465 (average £18.58 each confirmed victim)	£845089 (average £91 each Confirmed victim)
	Actual savings to consumers (to include cash, cheques, PO and card and bankers draft payments)		£20,539	£88,209.25	0	£78,217.35	£186,965.60
	Other results of interventions						
	• Raised Awareness	1090	112	512	2199	323	3146
	• Reduction in Mail	295	12	21	236	50	319
	• Reduction in Spending	367	39	40	250	54	383
	• Refer To ASC	23	4	9	64	2	79
	Number of press releases and media opportunities						107
	• Featured in press releases(per quarter)		14	16	20	14	
	• Radio interviews (per quarter)		4	12	10	2	
	• TV appearances		2	3	1	3	
	• National Press releases		0	1	3	1	
	• National Magazines		0	1	0	0	
	TOTAL		20	33	34	20	

Table 11 – National Trading Standards Scams Team Management Data



## **Chapter 17 - National Trading Standards Estate Agents Team**

### **17.1 Overview**

The National Trading Standards Estate Agency Team is hosted by Powys County Council with support from Isle of Anglesey Council. The team consists of one team leader and two investigators, with support from administrative staff, legal services, and an adjudication function provided by senior officers of Powys and Anglesey Councils.

The Team took over the functions of the OFT in relation to the Estate Agents Act 1979 from the 1<sup>st</sup> April 2014. Its responsibilities include the issuing of prohibition and warning orders under the Act, and the management and approval of the UK's consumer redress schemes. The team is also responsible for providing sector-specific advice in relation to the obligations and responsibility of businesses under the Act, as well as maintaining a public register of prohibition and warning orders issued.

The Team works to ensure that those individuals or businesses who are considered unfit to engage in estate agency work are prevented from doing so in the future, and ensures that consumers have recourse to an effective redress scheme if things go wrong. Working with colleagues and other stakeholders - including businesses, trade associations and networks – is a key part of the team's overall activities to ensure that estate agency work in the UK is carried out in the best interests of clients, and that both buyers and sellers are treated honestly, fairly and promptly.

### **17.2 Governance Group**

As with all National Trading Standards work, this work area has a Governance Group comprising two Board members and the host authority. There were three Governance Group meetings during 2014-15. For 2015/16 Governance will be provided via the NTS Corporate Governance Group.

### **17.3 National Trading Standards Estate Agents Team Update**

#### **Introduction**

This report outlines the work that has been undertaken by the Team in 2014/15. The report is designed to provide an overview and examples of cases rather than a full breakdown of activity. Details of the team's work can be found at [www.powys.gov.uk/estateagency](http://www.powys.gov.uk/estateagency) and the team can be contacted at [estate.agency@powys.gov.uk](mailto:estate.agency@powys.gov.uk).

#### **Casework, complaints and enquiries**

Cases under investigation by the Team are varied and wide-ranging, and include offences of insider trading, kidnapping, fraud, violence, and breaches of the Estate Agents Act such as failing to declare a personal interest in property. Complaints have been received from members of the public, trading standards colleagues and other enforcement agencies, concerning the activities of individuals and businesses across the UK.

#### **Challenges**

The main challenges encountered this year have been:

- the appeals lodged on notices which were issued by the OFT in March 2014 and handed over 'in-flight' to the Team have continued to incur additional costs in terms of staff time and legal expenses. A small amount of additional funds have been provided by NTS to support this work
- dealing with a back-log of cases which were handed over by the OFT
- the transfer of a major OFT criminal investigation from the CMA provider (Property Redress Scheme)

- the approval of the new redress scheme
- conducting a major review of the OFT estate agency guidance on CPRs and BPRs
- the appeals lodged on notices issued by the Team – the first appeal subject to a full Tribunal hearing in March was dismissed, and the Tribunal upheld the decision made by the adjudicators
- being put on notice that the Team's procedures may be subjected to judicial review.

### **Notable issues**

The Team defended 3 appeals arising out of the OFT legacy cases which resulted in the prohibition orders being reduced to formal warning orders following disclosure of new evidence relating to the cases.

A second Adjudicator training session was held in November, bringing the total number of adjudicators available to 6. Adjudicators play a vital role in the enforcement process, deciding whether a prohibition or warning order should be issued or not. Having more adjudicators available provides greater consistency and opportunities for sharing best practice.

The Team worked with BIS to respond to an Opposition question raised at the committee stage of the Consumer Rights Bill and provided information on the work of the team to BIS for them to use at a Consumer Rights Bill session.

The Team has been working with BIS to implement the new ADR landscape in respect of estate agency work, and will be meeting with other competent authorities to agree the best way forward under the new arrangements. The UK government in its proposals for implementing the ADR Directive recommended that Powys County Council be appointed by as a Competent Authority for statutory estate agency redress schemes.

The Team now has a Twitter account and is using this to publicise its work. The work of the Team was presented at the Real Estate Brokers Summit in Dubai in September 2014 and it is exploring ways in which it can work with the Dubai government in the future. (This was funded fully by the Dubai Government).

The Team issued the second Penalty Charge Notice on behalf of a Trading Standards authority, in respect of an estate agent who had failed to join an approved redress scheme. This is a facility being offered to all UK Trading Standards services.

### **Stakeholder engagement**

The Team has:

- been actively engaging with stakeholders, and has held meetings with HMRC, TSI, Which?, National Association of Estate Agents, the Property Ombudsman and the new redress scheme operators
- agreed a referral arrangement with The Property Ombudsman which is working well
- begun formally sharing information and intelligence with the Anti-Money Laundering team at HMRC.
- agreed a protocol with the Land Registry to enable wider searches of the Index of Proprietor Names
- made contact with the Advertising Standards Authority to discuss joint working/referrals
- embarked on awareness and education programme with TS colleagues and the industry
- had meetings with CTSI and an e-learning provider to scope out the potential for e-learning packages for the industry
- given presentations at a number of CTSI regional meetings and regional Heads of Service meetings. The Team also attended the TSI National Conference in Harrogate.
- met with colleagues from the Competition and Markets Authority (CMA) in order to continue the partnership working arrangements which were in place with their predecessor the OFT and to deal with a number of referrals made the Authority.

## Looking forward

The Team's work over the next 3 months includes:

- working with partners and the industry to review and re-issue the OFT 'Guidance on Property Sales'
- developing a toolkit for Trading Standards colleagues to assist with their work locally under the Estate Agents Act and associated legislation
- assessing and approving applicants under the Alternative Dispute Resolution Regulations for the estate agency sector
- reviewing the different options available to the Team for enforcing the Estate Agents Act to bring about a speedier resolution to some of the cases investigated by the team.
- exploring the potential for a national e-learning programme for estate agency businesses
- continuing to deliver a programme of seminars and presentations for the industry and enforcement colleagues to further publicise the work of the team and promote a greater understanding of the legal requirements affecting estate agency work

With the support of its colleagues and other stakeholders the team is confident that it can meet the challenges ahead whilst ensuring that consumers and businesses are protected from the actions of those who might defraud the public or otherwise undermine the activities of legitimate traders.

## Chapter 18 - National Trading Standards Estate Agents Team Management Data

	Apr – Jun 2014	Jul – Sep 2014	Oct – Dec 2014	Jan – Mar 2015	TOTAL
Complaints received	27	18	25	39	109
Requests for advice received	53	30	26	8	117
Other enquiries received	10	6	1	6	23
Media enquiries received	5	0	0	1	6
Prohibition orders issued	0	3	2	3	8
Warning orders issued	0	0	0	0	0
Prohibition orders taken effect	2	2	0	3	7
Warning orders taken effect	1	0	3	0	4
Appeals against formal orders received	5	1	3	2	11

Table 12 – NTS Estate Agents Team Management Data

## **Chapter 19 - Advertising Standards Authority**

The Advertising Standards Authority is recognised as the 'established means' by which compliance with the Consumer Protection from Unfair Trading Practices Regulations 2008 and Business Protection from Unfair Trading Practices Regulations 2008 in relation to misleading, aggressive or unfair advertising is enforced. The introduction of the Control of Misleading Advertisements Regulations 1988 (implementing the Misleading Advertising Directive) provided a legal backstop for misleading non-broadcast advertising via the Office of Fair Trading. This backstop power transferred to the Board on 1 April 2013.

The Board's established liaison arrangements with the Advertising Standards Authority for complaint advice through London Borough of Camden to ensure there is a legal backstop in place continues, with Camden delivering 3 days per month ongoing liaison. Any additional funding that is required to pursue enforcement cases would be provided via the National Tasking Group.

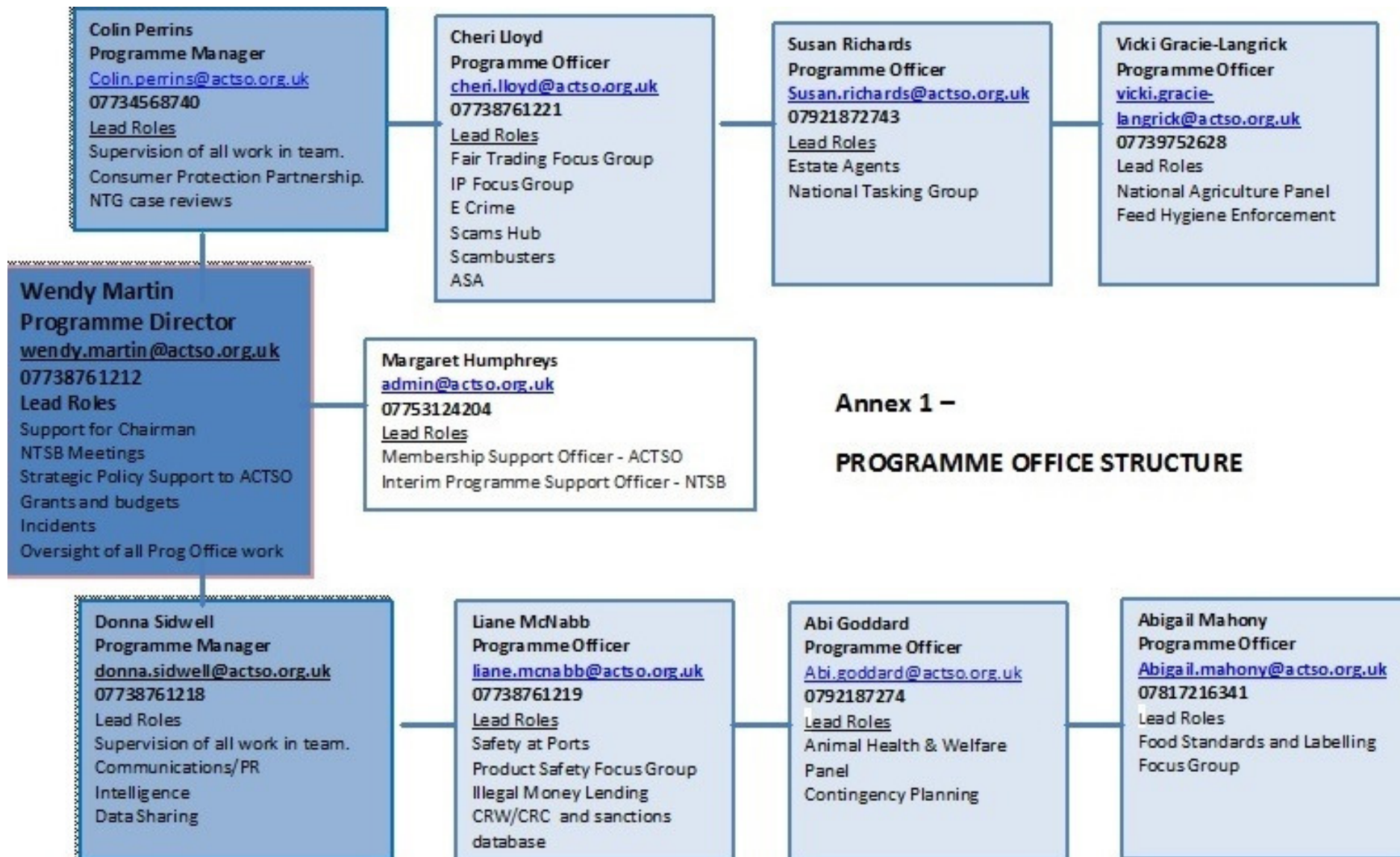
Liaison between Advertising Standards Authority and LB Camden continues, with the two organisations meeting regularly. National Trading Standards has met with both ASA and Camden during the year to ensure that the arrangements continue smoothly. In addition, Lord Toby Harris, the National Trading Standards Board's Chair, and Lord Smith of Finsbury, Chair of the Advertising Standards Authority, met in October when both Chairs agreed that the current arrangements should continue, and they agreed to meet annually.

Throughout the year Camden has invested quite a lot of time in supporting Advertising Standards Authority staff to understand the Consumer Protection from Unfair Trading Practices Regulations 2008 and what offences it may or may not be possible to prove.

The Advertising Standards Authority has now consolidated its adjudication lists and provided Camden with a large number of other investigations (over 60), the majority of which are believed to be online companies that appear to be failing to comply with Advertising Standards Authority's adjudications. Many of these date back some years and it is the first time Camden has been provided with a full list. Camden believe that many of these are quite old and/or may not have any provable offences associated with them. A one off assessment of all cases is required so that National Trading Standards, Advertising Standards Authority and Camden are completely clear that all historical cases have been reviewed and an agreed outcome reached.

In order to deal with these effectively and swiftly the National Trading Standards Board has agreed to additional funding so that Camden can increase its liaison from 3 days per month to 5 days per month for 2015-16 only to complete this work. They have a senior Trading Standards investigator in post temporarily who will be given this task to complete.

There are two cases that may be taken forward to enforcement action; one case involves a business that has a primary authority relationship with Northamptonshire. The business has made some changes to its claims after receiving advice and all parties are now awaiting a European judgement relating to health claims that will impact on whether any further action is required. The other case relates to a business based in Brighton and Hove making health claims. Camden is working with Brighton and Hove on this and it looks likely to be referred to National Tasking Group for funding support.



## ANNEX 2 – Funding 2014-15

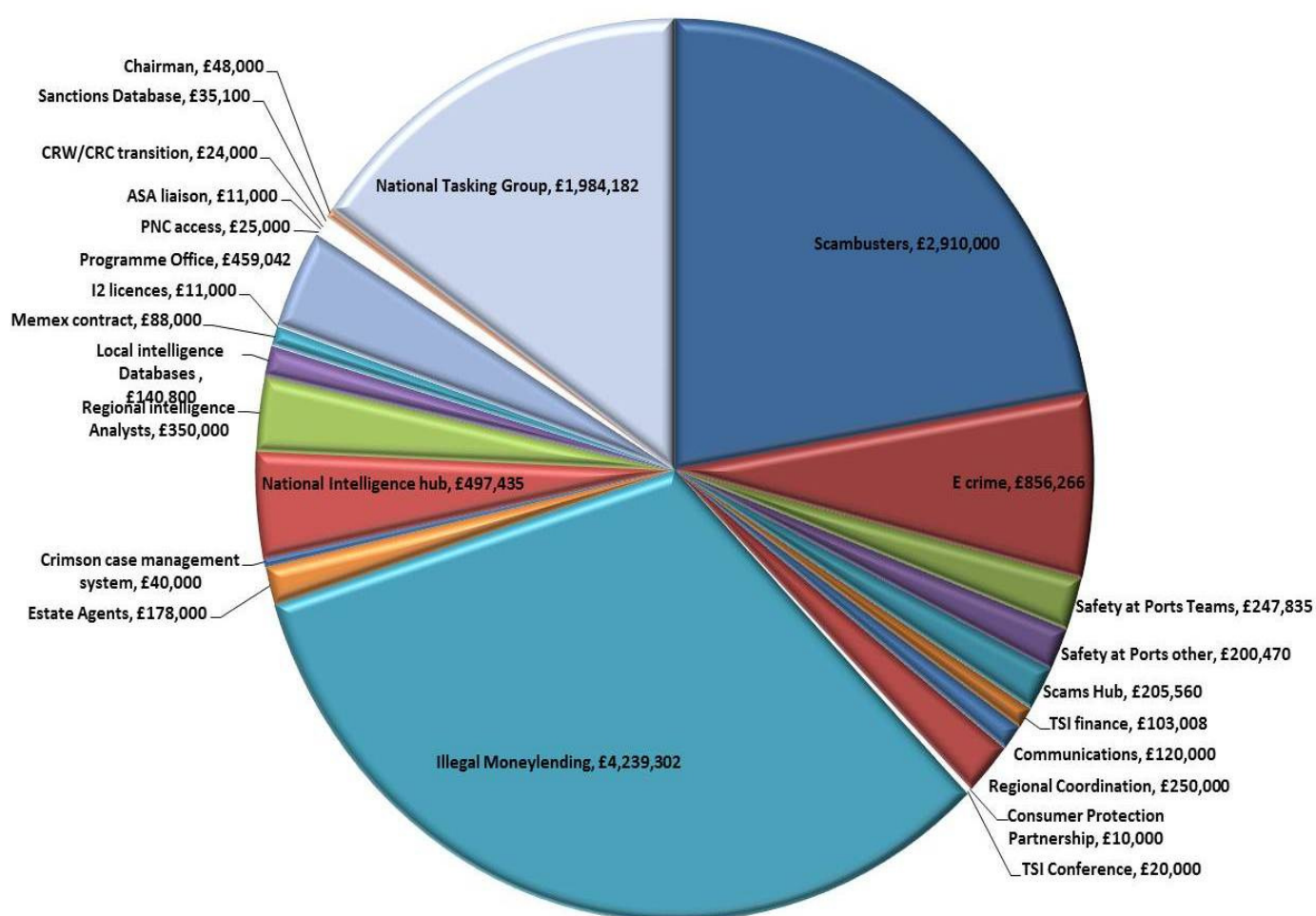


Figure 3 – Breakdown of BIS Funding 2014/15 allocated on 1/4/15

<b>Total Grant Provided</b>	<b>£13,254,000</b>	<b>£13,564,228</b>
<b>Work Area</b>	<b>Budget agreed as at 1/4/14</b>	<b>Final spend with agreed re-allocations</b>
CPP contribution – top sliced	14,000	14,000
Estate Agents Team	178,000	200,000
Scambuster Teams	2,910,000	3,198,282
Illegal Moneylending Teams	4,239,302	4,337,935
E crime Team	856,266	959,583
Safety at Ports and Borders	448,305	653,808
Safety Single point of contact	200,000	200,000
Scams Team	205,560	320,920
National Intelligence Team	497,435	521,435
Regional intelligence Analysts	350,000	350,162
Local intelligence Databases	97,800	94,800
IDB access for RIAs	5,600	12,960
Information needs assessment support and other intel work	35,600	72,779
Memex contract	88,000	113,863
I2 licences	11,000	0
Crimson case management system	40,000	41,364
PNC access	25,000	24,875
National Tasking Group	1,984,182	1,542,003
ASA liaison	11,000	11,000
CRW/CRC transition	24,000	11,000
Sanctions Database	35,100	30,540
Programme Office	459,042	395,224
Chairman	48,000	45,403
CTSI finance	103,008	116,358
Communications	120,000	125,947
Regional Coordination	250,000	300,000
CTSI Conference	20,000	17,820
CTSI led work linked to NTS priorities	0	19,500
Get Safe On Line		18,000
Unallocated (over allocated)	(4000)	(54,440)

Table 13 – Actual Spend of BIS Grant 2014/15



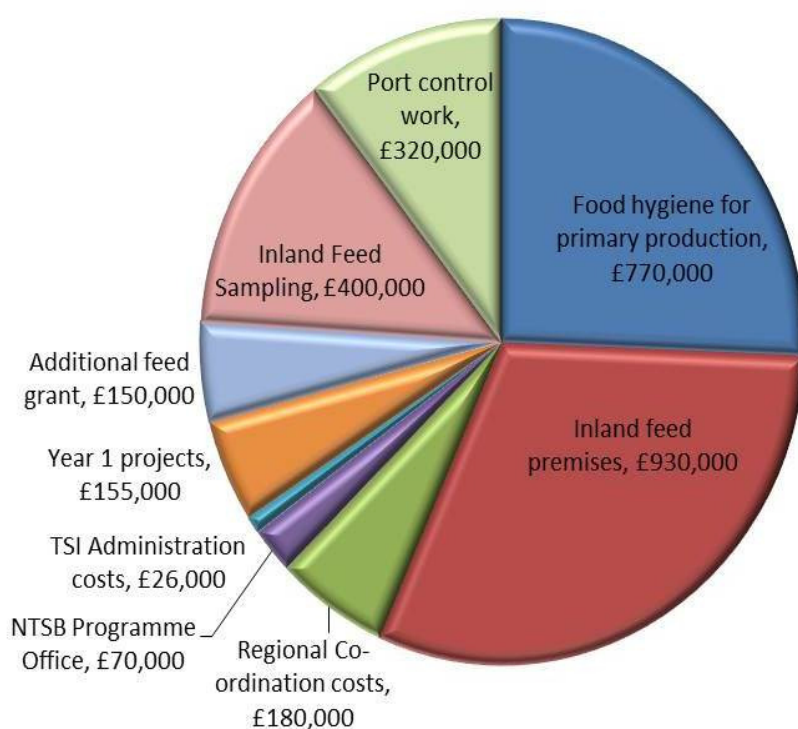


Figure 4 - Breakdown of FSA Feed Funding 2014/15 allocated 1/4/15

Funding	£3,001,000	Projected Budget Out-turn
Work Area	Budget agreed as at 1/4/14	Final spend with agreed re-allocations
<b>Management and Finance Costs</b>		
Programme Office	90,000	113,033
CTSI Finance	27,000	32,000
<b>Regional Delivery Grants for Inspection/Sampling/Ports work</b>	<b>Total Budget 2,600,000</b>	
TSEM	254,137	252,208
TSSE	313,572	302,833
EETSA	245,339	238,589
YAHTSG	291,772	291,128
CEnTSA	272,899	267,839
NETSA	112,712	130,251
TSNW	326,277	321,340
London	109,029	113,536
SWERCOTS	650,991	628,623
<b>Other Project Work</b>		
1 Consistency and prioritisation of 3 <sup>rd</sup> country imports	20,000	20,000
2. AES strategy review	10,000	15,000
3. Vet medicine residue project (sampling and coordination).	45,000	54,500
4. Analyst's fees survey	5,000	3,592
5. Sale/return of surplus food traceability	151,000	80,000

(region projects and coordination)		
6. Safety at Ports and Feed at Ports Integration review	20,000	15,865
7. Officer competencies	10,000	10,000
8. Confidence in management guidance	5,000	5,000
9. NETSA port activity scoping exercise (Feed/09)	10,000	10,000
10. NETSA ports resilience project (Feed/10)	8500	0
11. National Ports reports collation and summary report. (FEED/11)	3500	3026
12. NETSA Ports sampling and analysis contingency	2500	0
13. National Sampling Guidance	0	1000
<b>Currently underspend (overallocation)</b>		<b>91,286</b>

Figures correct at 15/5/15 subject to final reconciliation

Table 12 – Actual spend of feed funding 2014/15

## ANNEX 3 – FUNDING ALLOCATIONS FOR 2015/16

NTS has a total of £16.21 million in core funds for 2015-16, broken down as follows

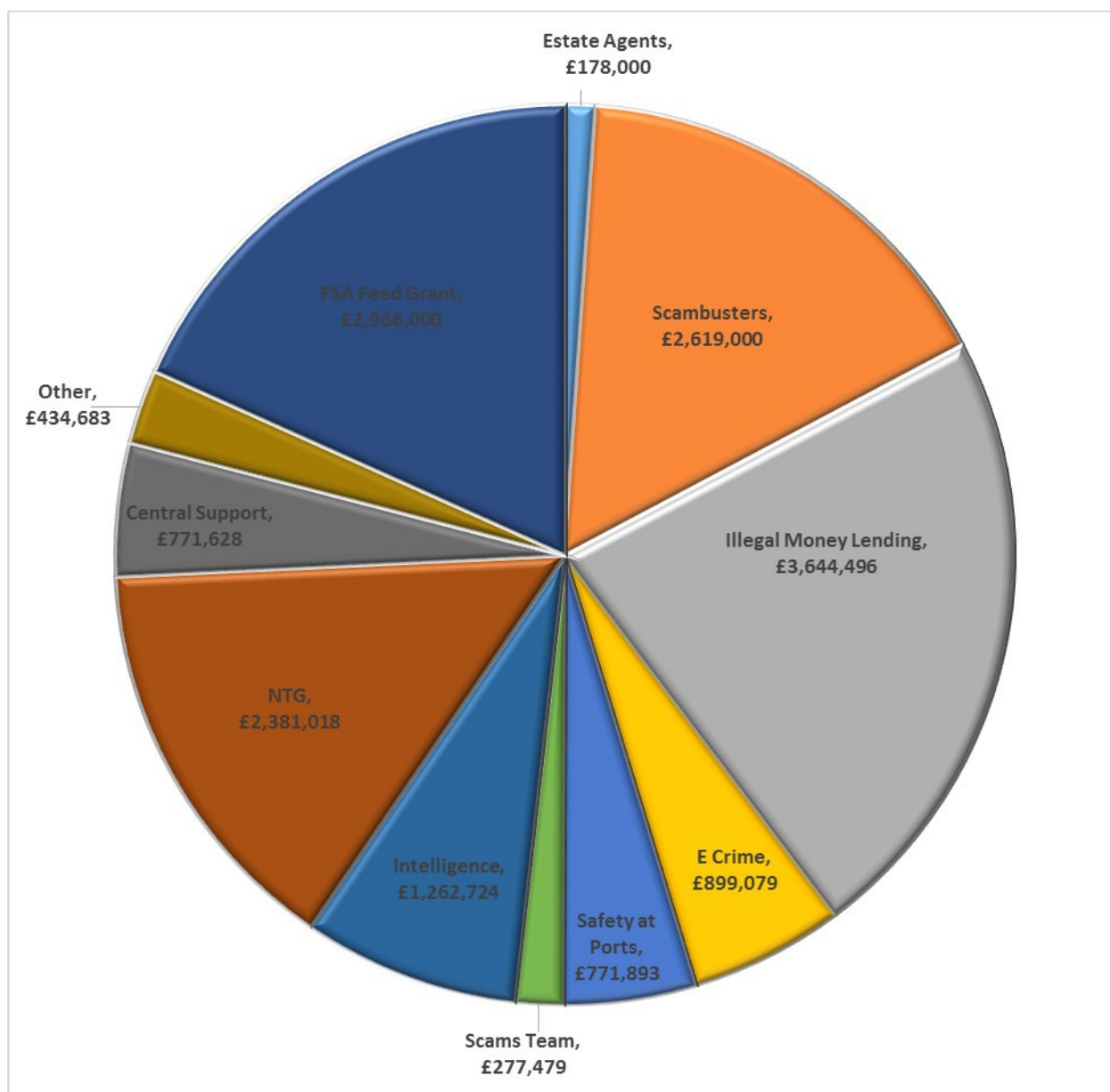


Figure 5 – Total NTS Funding 2015/16

The grant from BIS is £13.24 million, broken down as follows

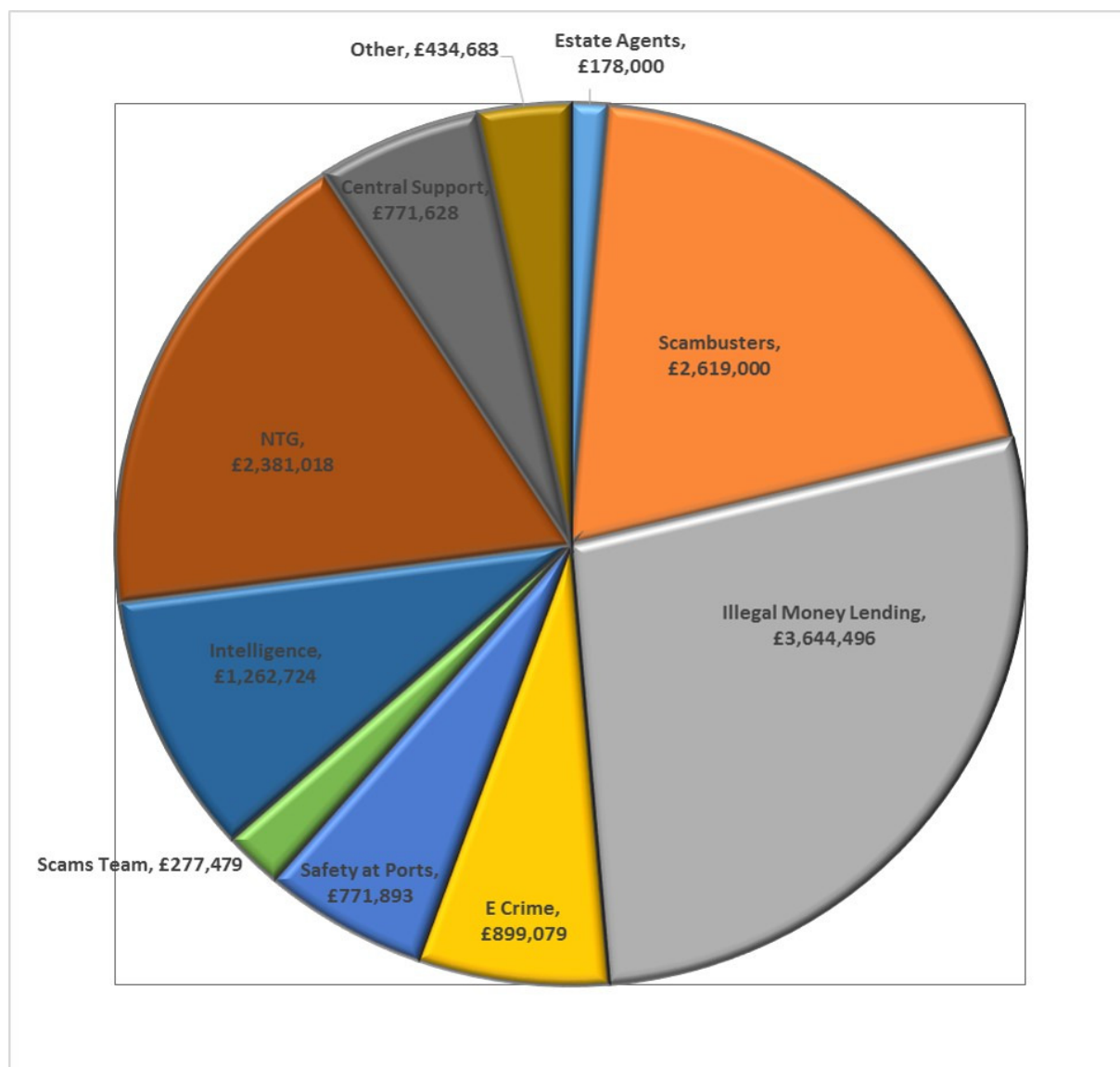


Figure 6 – BIS Grant funding 2015/16

E crime received an additional one off grant of £225,000 announced separately in the budget. This is not included in the above core grant figures.

Other	£	Central Support	£	Intelligence	£
Sanctions database	40,100	Programme Office	468,223	NTS Intelligence Team	507,384
ASA Liaison	18,400	Chair Costs	50,000	Regional Intel Analysts	357,000
CTSI Conference	13,500	CTSI Finance	114,453	Other Intelligence	67,840
Contingency	67,683	Comms Grayling	114,600	Local Intelligence Dbases	99,600
Value for money	40,000	Comms CTSI	14,352	Memex/I2/IDB/PNC	188,900
Regional Coordination	255,000	Comms Other	10,000	Crimson Case	42,000
	<b>£434,683</b>		<b>£771,628</b>		<b>£1,262,724</b>

Table 13 - Additional Breakdown of Costs

The funding from FSA for feed work is £2,966,000 and is broken down as follows

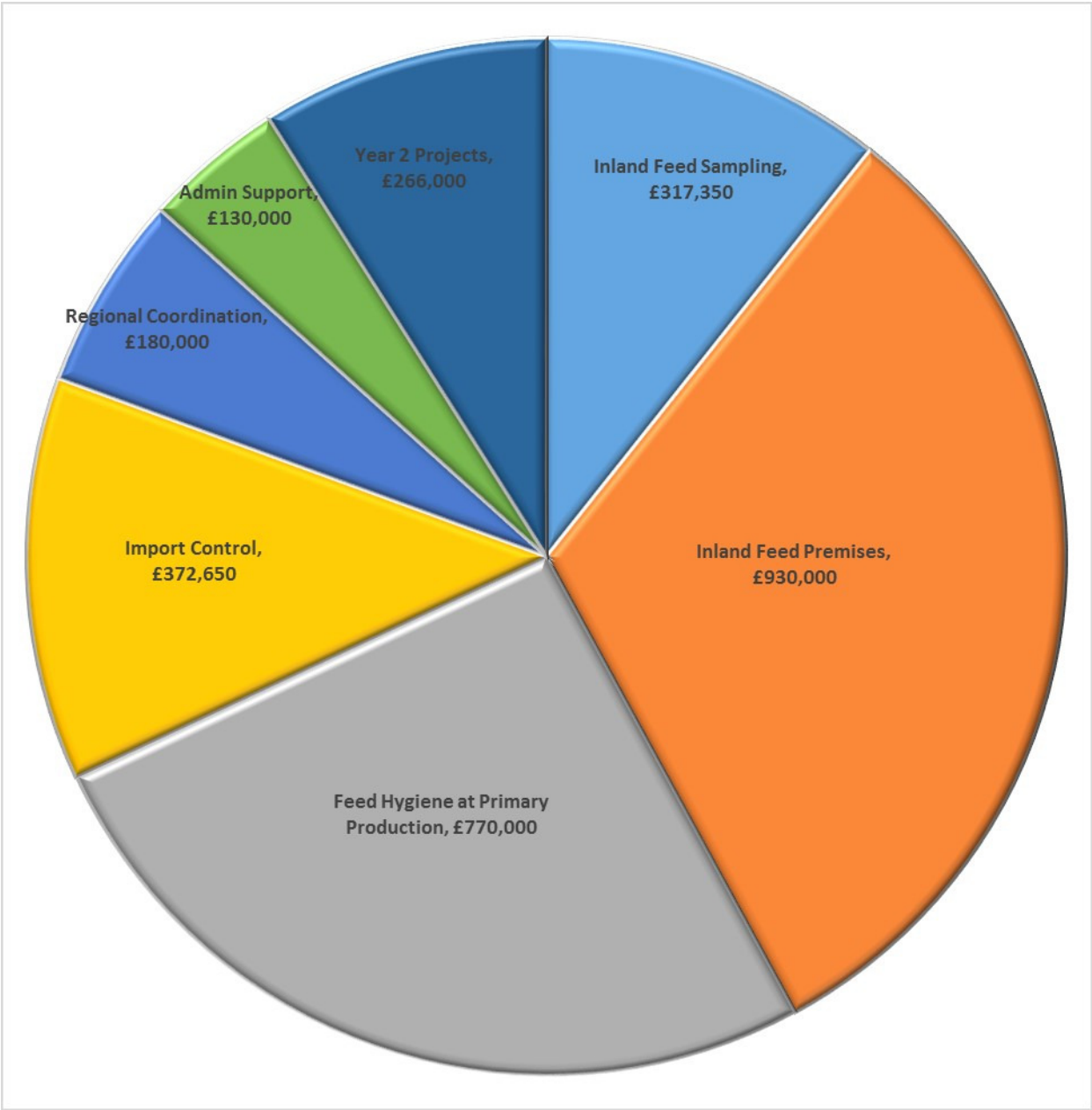


Figure 7 – Feed Funding 2015/16

## Annex 4 – Key Performance Indicators

<b><i>Strategic Objective 1 – Ensure effective governance arrangements for the delivery of national and cross boundary consumer protection activities</i></b>		
<b>Activity</b>	<b>Performance Measure</b>	<b>How</b>
a. Developing strong, trusted relationships with key stakeholders.	<ul style="list-style-type: none"> <li>• Demonstrate that the Board has the trust of stakeholders.</li> <li>• Demonstrate that stakeholders believe that the Board has improved the consumer landscape.</li> <li>• Evidence that the Board is communicating effectively with its stakeholders.</li> </ul>	<p>Perceptions survey of key stakeholders to show:</p> <ul style="list-style-type: none"> <li>• At least 72.5% of stakeholders trust in the Board</li> <li>• At least 62.7% of Stakeholders agree the NTSB has improved the national/ cross regional enforcement landscape</li> <li>• At least 78% of Stakeholders feel that the Board is effectively communicating with them</li> </ul> <p>NB For the survey “stakeholders” will be defined only as Heads of Service for this year as the improvement can then be directly compared to baseline 2013 data. For future years this will be broadened.</p>
b. Supporting CPP in its work in tackling consumer detriment	<ul style="list-style-type: none"> <li>• Demonstrate that the Board is making a contribution to the Partnership which adds value for all.</li> <li>• Demonstrate that the Board is actively involved in Working Groups and is taking the lead in tackling specific problems encountered by consumers.</li> <li>• Evidence that the Board is influencing the Consumer Protection Partnership to support NTSB delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from CPP Chair</li> <li>• Annual report to include evidence demonstrating how the Board is influencing the CPP to support NTS delivery;</li> <li>• CPP Strategic/ Operational/ Working Group minutes to evidence the NTS’s input</li> </ul>
c. Creating a comprehensive national picture of achievements of the NTSB and regional groups and communicating these effectively	<ul style="list-style-type: none"> <li>• Demonstrate that the media plan is having impact and that the NTSB is using resources available (e.g. Ministers) to promote its work.</li> <li>• Demonstrate that the Board’s enforcement data is being made available publicly through quarterly and annual reports.</li> <li>• Demonstrate how the Board is working with others – joined up working - to lever support and increase the impact of enforcement activities</li> </ul>	<p>Through annual and quarterly reporting evidence impact through narratives which:</p> <ul style="list-style-type: none"> <li>• Provide examples of high-impact positive case studies and the coverage they generated;</li> <li>• Show the impact of the comms strategy and examples of resources being used to promote their work;</li> <li>• Show that enforcement information is freely available;</li> <li>• Highlight joined-up working with other interested parties.</li> </ul>

<b><i>Strategic Objective 2 – Embed the framework for sharing intelligence more effectively and efficiently in order to identify and tackle emerging threats</i></b>		
<b>Activity</b>	<b>Performance Measure</b>	<b>How</b>
a. Capture, analyse, and use all the information and intelligence that is available to the NTS	<ul style="list-style-type: none"> <li>• Demonstrate that quality assurance measures are in place to ensure the information is defensible in Parliament and in a Court of Law.</li> <li>• Demonstrate that information and intelligence is being made available</li> </ul>	<p>In the annual report provide evidence that shows:</p> <ul style="list-style-type: none"> <li>• Quality information and intelligence is being made available across Trading Standards.</li> <li>• Positive steps are being taken to identify and address information gaps,</li> </ul>

	across Trading Standards and that steps are being taken to identify and address information gaps and check whether the information is being used consistently and effectively.	<ul style="list-style-type: none"> <li>Examples where information has been used consistently and effectively.</li> </ul>
b. Enhance the intelligence gathering systems	<ul style="list-style-type: none"> <li>Demonstrate the impact the investment Board is making to enhance and quality assure the intelligence gathering systems.</li> <li>Demonstrate the benefits of the enhanced intelligence gathering systems; what value this is adding; and whether the system mitigates against the enforcement gap.</li> <li>Demonstrate that the system is being regularly tested for secure and compliance with data</li> </ul>	<p>In the annual report provide evidence that shows:</p> <ul style="list-style-type: none"> <li>The Impact of investment to enhance and quality assure the intelligence gathering system;</li> <li>The added value of the enhanced intelligence gathering systems and whether the system mitigates against the enforcement gap.</li> </ul>

<b><i>Strategic Objective 3 – Ensure effective delivery of national and cross boundary enforcement projects</i></b>		
<b>Activity</b>	<b>Performance measure</b>	<b>How</b>
a. Operational delivery of Scambuster Teams, E-Crime Unit – (Outputs)	<ul style="list-style-type: none"> <li>Number of operations commenced in the period</li> <li>Number of consumers affected</li> <li>Number of successful prosecutions</li> <li>Value of goods uncovered</li> <li>Value of detriment avoided</li> </ul>	Through quarterly and annual reports (including case studies) demonstrate that positive action have been taken forward,
b. Operational delivery of Illegal Money Lending teams to tackle consumer detriment (Outputs)	<ul style="list-style-type: none"> <li>Number of operations commend in the period</li> <li>Number of illegal lenders identified</li> <li>Value of detriment</li> <li>Number of victims affected</li> <li>Number of successful prosecutions</li> <li>Court compensation awarded to victims</li> <li>Evidence of increased awareness of dangers of loan sharks following IML educational events</li> </ul>	Through quarterly and annual reports (including case studies) demonstrate that consumer detriment is being tackled. Exit surveys/ follow up research
c. Provide resources at key Ports to prevent consumer detriment caused by the import of unsafe goods (Outputs)	<ul style="list-style-type: none"> <li>Number of samples taken</li> <li>Number of non-compliant samples identified</li> <li>Market value of non-compliant samples</li> <li>Value of detriment avoided e.g. potential harm to consumers and wellbeing</li> </ul>	Through quarterly and annual reports (including case studies) demonstrate that consumer detriment is being tackled.
d. Managing the National Tasking Group to assess and resource appropriate cases	<ul style="list-style-type: none"> <li>Demonstrate how the Board is taking on large, complex and national investigations and assessing by costs and risks involved</li> <li>An annual assessment of impact to demonstrate that the resource invested providing good value for money.</li> <li>Demonstrate the impact the NTG activity is leveraging local Trading Standards to take better tactical decisions.</li> </ul>	Through quarterly and annual reports (including case studies) provide evidence that shows : <ul style="list-style-type: none"> <li>That the Board is tackling big cases, evaluating the funds and risks;</li> <li>The impact of NTG work is encouraging local Trading Standards to make improved decisions.</li> </ul>

e. Provide support to local authorities to identify Mass Marketing Scams and work with victims; and work with local partners to disrupt scams activity.	<ul style="list-style-type: none"> <li>Evidence of proactive measures taken to help prevent victims from falling prey to further scams</li> <li>Demonstrate that local authorities and local partners are effectively working with the National Scams Team.</li> </ul>	Through quarterly and annual reports (including case studies) demonstrating that positive work has been taken forward and acted on
f. Provide enforcement of the Estate Agency Act	<ul style="list-style-type: none"> <li>Number of warning and prohibition orders issued.</li> <li>Demonstrate that Powys is effective monitoring the estate agent redress schemes and addressing the issues identified in the OFT's Feb 2014 review of the Estate Agents Schemes.</li> </ul>	Through quarterly and annual reports which demonstrate that the Lead Enforcement Authority is regulating the Estate Agents Act effectively

**Strategic Objective 4 – Leading the coordination, collaboration and communication of local, regional and national consumer protection enforcement**

Activity	Performance Measure	How
a. Support regional trading standards infrastructure	<ul style="list-style-type: none"> <li>Demonstrate that the is Board is effectively co-ordinating Trading Standards enforcement activity across Local Authority boundaries and effectively influencing the regional and local trading standards</li> <li>Demonstrate that local and regional trading standards are effectively working with the Board.</li> <li>Demonstrate that the Board is using the Political Oversight Group as an opportunity to demonstrate there is effective co-ordination, collaboration and clear responsibilities between national and local enforcement.</li> </ul>	<p>Through the annual report, and the results of the perceptions survey show evidence of:</p> <ul style="list-style-type: none"> <li>the Boards performance in managing TS enforcement work across local authority boundaries and leveraging Trading Standards locally and regionally;</li> <li>Trading Standards Community and the Board working well together.</li> <li>The Board making good use of the political oversight group to its advantage.</li> </ul> <p>Feedback from BIS officials in attendance at the group on whether the Board is using the Political oversight Group effectively.</p>
b. Establish improved coordination of the enforcement teams	<ul style="list-style-type: none"> <li>Demonstrate how the Board is improving the coordination of the enforcement teams and how they are providing value for money.</li> </ul>	Through quarterly and annual reporting show evidence that the Board is enhancing the enforcement teams and is cost effective.

Table 14 – BIS Performance Indicators for National Trading Standards

<sup>i</sup> Calculated on 196 Local Authorities