

# Birmingham City Council

## Licensing and Public Protection Committee

13 March 2024



**Subject:** Birmingham City Council hosted National Trading Standards Regional Investigations Team (Central England)

**Report of:** Director of Regulation and Enforcement

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Does the report contain confidential or exempt information?  Yes  No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :

### 1 Executive Summary

- 1.1 This report provides an update on the work of the National Trading Standards Regional Investigations Team (Central England) (RIT), hosted by Birmingham City Council's, Regulation and Enforcement Division.

### 2 Recommendation(s)

- 2.1 That the report be noted.

### 3 Background

- 3.1 The grant funded project was initially piloted in 2006. At that pilot stage there were 3 teams, one based within Central England (CEnTSA), one in the North East (NETSA) and the third team covering London, the South East and East Anglia (TRS). The CEnTSA Team was hosted at that time by Solihull MBC on behalf of the Region.
- 3.2 The Teams were formed following a Government White Paper on consumer protection in which it was identified that Regional Investigation Teams might be better placed to tackle certain offending. The rationale was that certain

perpetrators did not simply operate within local authority boundaries, but instead would affect consumers across multiple authority areas.

- 3.3 The three Teams were set up to run a 2-year pilot project. At the end of that trial period, and following the success of the 3 Teams, funding was made available to extend the project across all Regions, including Scotland, from 2008 for a 3-year period.
- 3.4 Since 2011, funding has been on an annual cycle, and has varied from between £250,000 and £334,000 per year. The grant amount for 2023-24 was £334,000 and this is expected to rise to £359,000 for 2024-25.
- 3.5 Since May 2013, the CEnTSA RIT has been hosted by Birmingham City Council.
- 3.6 The CEnTSA RIT operate across the region using legislative powers under The Consumer Rights Act 2015.
- 3.7 The RIT work in conjunction with both NTS and the 14 local authorities that make up CEnTSA. The RIT receive their work via a formal tasking process, introduced as part of the Intelligence Operating Model (IOM). Whilst work can be tasked down by NTS, the vast majority of work is tasked to the Team by one or more of the 14 local authorities within CEnTSA.
- 3.8 The RITs operate differently across the country.
- 3.9 One regional team (covering three regions) provides Officers to support more complicated investigations taken on by local authorities in its area, but once the evidence gathering has been concluded, their involvement is at an end and the case is pursued through the courts by one of the local authorities in the Region. The CEnTSA RIT have assisted some CEnTSA Authorities with evidence gathering on a similar basis.
- 3.10 Other RITs conduct the investigation themselves but then pass the prosecution file back to the originating authority to consider legal proceedings, and that local authority bears the costs of that prosecution, should it go ahead.
- 3.11 In most cases within CEnTSA, the RIT take on the case and then put any prosecution files that may follow through Birmingham City Council. This is paid for through the annual grant. For this reason, a significant amount of the annual funding is allocated to, and used up on, legal costs.
- 3.12 The RIT, therefore, is small in staff numbers, currently comprising only 2 'core' members of staff but with those numbers bolstered on an 'as needs' basis with experienced investigators employed through agency. Typically, such agency staff are retired police officers with all of the necessary skills in conducting investigations. The Team have also recently made use of a 'managed service'

provided through Red Snapper where the initial statement gathering is outsourced to provide an initial impetus to the investigation.

- 3.13 Cases are referred to the Team because intelligence shows that a trader is having a negative impact upon consumers within the Region. In most cases, the trader will also be based within CEnTSA but also, in most cases, consumers affected will be from much further afield than just CEnTSA.
- 3.14 Most of the intelligence used to identify 'problem' traders comes from access to the Citizens Advice complaints database. Citizens Advice now act as the 'front line' for providing consumer advice and for flagging issues of concern to Trading Standards through the Citizens Advice Consumer Service (CACS) reporting line (0808 223 1133).
- 3.15 Trading Standards have access to the CACS portal and can run a variety of reports to assist in identifying potentially problem traders.
- 3.16 The Regional Intelligence Analyst (RIA) based in Warwickshire Trading Standards produces a Tactical Assessment (TA) every 6 weeks. This TA will, amongst other things, highlight traders of possible concern to the Region as well as potential emerging threats.
- 3.17 The purpose for the CEnTSA RIT is to investigate traders and to ascertain whether there is evidence to show that they are acting contrary to any consumers protection legislation. If they are, then, depending on circumstances, a full investigation can follow including warrants, interviews under caution and prosecutions.
- 3.18 The investigative powers for the RIT come through The Consumer Rights Act 2015, a piece of legislation which, amongst other things, amalgamated investigative powers from disparate pieces of legislation into one set of investigative powers.
- 3.19 The 'core' offences considered by the RIT are typically contained within the Consumer Protection from Unfair Trading Regulations 2008, but there are, in addition, a host of other potential offences that are regularly included within case files, including offences under the Fraud Act 2006, Companies Act 2006, Proceeds of Crime Act 2002 and the Trade Marks Act 1994.
- 3.20 Since 2019, the Team has had additional funding from National Trading Standards to conduct Operation Beorma, which is an investigation into the trading activities of assorted Midlands based individuals involved in the manufacture, importation, wholesale and retail supply of counterfeit goods, including clothing, footwear, electrical goods, perfumes and accessories.

### 3.21 Updates

#### Operation Beorma

We have continued to suffer delays in the court system over the last couple of years as the majority of our trial dates for cases have been vacated by the court due to backlogs caused by the pandemic. We have, however, had the following matters conclude since the last update.

#### Saqlain Nawaz

A Birmingham based supplier of high-end counterfeit clothing, footwear, perfumes, electrical items and accessories. Linked to two retail addresses in Birmingham, and using false details when renting units, Mr Nawaz traded under the business name 'Designer4Less'. Significant seizures of counterfeit goods had been made from both of his associated units. Mr Nawaz was found guilty after a trial at Birmingham Crown Court and was sentenced to 27 months imprisonment. A POCA case is progressing against him.

#### Mohammed Shafiq

A Birmingham based individual who has pleaded guilty to involvement with a large-scale counterfeit goods storage unit in Digbeth, from which a large amount of counterfeit goods had been seized. At the time of writing, Mr Shafiq has not yet been sentenced, and this will follow at some point in 2024. There will be no POCA case as Mr Shafiq has no realisable assets, but all counterfeit goods will be forfeited. There are a number of other Beorma related investigations currently ongoing and at various stages of completion.

#### Other investigations

The Team has three very large-scale investigations on the go at the moment, all of which involve businesses in the 'home improvement' sector. One matter, **Operation Horizon**, is in the court system with a trial date set for 2025. The second matter, **Operation Guava**, will soon be with legal proceedings. This case involves consumers across 9 of the 14 CEnTSA authorities. The third matter, **Operation Momento**, is still at a relatively early stage and involves consumers across 13 local authority areas in total (9 in CEnTSA and 4 others). In addition, resource is being put into **Operation Rhubarb**, which is not an investigation but rather engagement with a national trader based within CEnTSA in an attempt to identify the cause for complaints and to take steps to address and reduce them.

## 4 Legal Implications

- 4.1 Enforcement action taken against dishonest traders protects not only affected consumers and potential future victims but also can help to protect legitimate traders.
- 4.2 Often our victims are members of the most vulnerable groups and therefore enforcement action helps to protect many that often cannot help themselves.

4.3 Prosecution of dishonest traders protects consumers and opens opportunities for honest traders.

## **5 Financial Implications**

5.1 The RIT is fully funded through external grant provided by the Treasury. For 2023/24 this is £0.334m.

## **6 Public Sector Equality Duty**

6.1 It is often the case that the traders subject to investigation by the RIT prey on the most vulnerable members of society. Certain traders target people who may be extremely vulnerable, either through age or infirmity or for other reason. Taking robust enforcement action in these circumstances helps to protect not only those consumers but also the wider public.

## **7 Other Implications**

**7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

## **8 Background Papers**

8.1 None.

## **9 Appendices**

9.1 None.