

Decision Session – Cabinet Member for Crime and Community Safety 6th March 2012

Report of the Assistant Director for Housing and Public Protection

E-Crime Enforcement

Summary

1. To inform the Cabinet Member of a successful bid for grant funding to establish a national trading standards E-Crime enforcement facility in partnership with North Yorkshire County Council.
2. To seek approval to accept the grant offer and expand the regional trading standards Scambuster Team to accommodate the additional work.

Background

3. E-crime, or cyber crime, is an area of trading standards' work that is increasing as more and more falsely described products or services are being sold online, and scams or frauds are being perpetrated through the use of the internet. In essence, rogue traders are using the internet to facilitate their illegal activities for financial gain. Such activities exploit vulnerabilities in the use of the internet and other electronic systems by citizens and businesses.
4. A report published last year by the Cabinet Office estimates the cost to UK citizens resulting from online scams amounted to £1.4bn. In addition, the costs of scareware and fake anti-virus scams are estimated at another £30m and rising.
5. Consumers are not the only victims of cyber crime. Businesses also report being targeted for scams, data theft and on-line theft. Whilst online theft and data theft will be a direct police matter,

enforcement of business targeted scams are a trading standards responsibility and the report estimates an overall impact to businesses costing in the order of £1.44bn.

6. As part of the Government's Consumer Landscape Review, the Department for Business, Innovation & Skills (BIS) is diverting national funding of internet enforcement away from the Office of Fair Trading (OFT) to enforcement by Local Authority Trading Standards Services (LATSS).
7. BIS is of the view that LATSS deliver consumer protection very effectively and the intention is to enhance the capacity and capability of trading standards officers to deal with e-crime, such as consumer online scams and frauds and unfair or misleading commercial practices affecting both consumers and businesses of national or regional importance, which are causing significant harm to consumers

The BIS E-Crime Project

8. BIS sought bids from local authorities to undertake enhanced e-crime enforcement work. This initiative was divided into four sub-projects which may be categorised as investigation, intelligence, coordination and training.
9. North Yorkshire County Council trading standards service (NYCC) and City of York Council's trading standards service (CYC) are ideally suited to undertake the investigation project as the 'foundations' for an enhanced service are already in place:
 - NYCC has an internet and digital evidence recovery laboratory (DERIC) which was originally set up with funding provided to the Yorkshire & Humber region from the Department of Trade and Industry to provide a digital evidence recovery facility to the region.
 - CYC hosts a successful 'cross border' investigation team on behalf of the Yorkshire and Humber Trading Standards Group.
10. A joint bid by NYCC, CYC and the East of England Trading Standards Association (EESTA) was submitted to BIS in September 2011 to deliver all four sub-projects. This joint bid was successful and NYCC/CYC has been invited to provide

investigation and coordination and EETSA will be responsible for intelligence and training.

Contractual Arrangements and Funding

11. Under the terms of the grant offer NYCC would act as the accountable body. A collaboration agreement (MOU) will be necessary with NYCC for them to 'passport' the grant funding through to CYC and arrangements will be made to put this in place.
12. The CYC element of the grant will provide 'set up' costs for the current financial year of £46K and funding of £750K over the next 3 years to provide the e-crime investigation facility. This would result in the creation of 3 new jobs in York.

Consultation

13. The NYCC/CYC bid for funding had the support of the other nine trading standards services in the Yorkshire and the Humber Region.

Options

14. A. That the Cabinet Member notes the report and recommends acceptance of the grant to expand the investigative capacity of the trading standards Scambuster Team.
15. B. That the Cabinet Member notes the report but recommends not to accept the grant.

Analysis

16. Option A. Residents and businesses will receive an enhanced service in relation to protection from on-line fraudulent trading activities. Consumer detriment locally, regionally and nationally will be reduced. CYC's reputation in this area of work would be greatly enhanced and York and North Yorkshire would be seen as the national centre of excellence for trading standards e-crime enforcement.
17. Option B. Would put at risk the future status of the council's Scambuster Team and deny additional employment opportunities.

Council Plan

18. E-crime enforcement supports the council priorities to “Protect jobs and grow the economy” and “Protect vulnerable people”.

Implications

19. **Financial:** The cost of the project will be met from grant funding and there will be no impact on existing budgets.
20. **Human Resources:** The project will involve the appointment of 3 – 4 members of staff on either a fixed term or secondment basis.
21. **Equalities:** Rogue trading and scams on the internet is often targeted at vulnerable individuals. This project will increase the council’s ability to tackle this issue.
22. **Legal:** There are no legal implications associated with this report
23. **Crime and Disorder:** Formal enforcement action taken by environmental health, trading standards and licensing services contributes to reducing anti social behaviour and dishonest trading.
24. **Information Technology (IT):** The eCrime team will require the provision of bespoke ‘stand alone’ hardware and software to carry our investigations.
25. **Other:** There are no other implications associated with this report.

Risk Management

26. There are no known risks associated with this report.

Recommendations

27. The Cabinet Member is asked to consider adopting Option A set out in paragraph 14.
28. Reason: To support the establishment of a grant funded trading standards E-Crime investigative facility in York.

Contact Details

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**Report
Approved**

Date 17Jan 2012

Specialist Implications Officer(s): None

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers;

The Cost of Cyber Crime – Cabinet Office Report 2010