



# **Safer and Stronger Communities Overview and Scrutiny Committee**

## **Overview and Scrutiny Review of Organised Crime**

**2015**

# Contents Page

Section	Page
Foreword	3
Executive Summary	4
- Purpose	4
- Methodology	4
- Conclusions and Recommendations	5
Background	7
National Context	8
Local Context and Partnership Approach	11
Community Intelligence and Engagement	14
Illegal Waste Sites	17
Risk of fraud through Organised Crime on Durham County Council	22
Appendix 1	25

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## Chair's Foreword

Organised crime is a real threat that can have a detrimental and devastating effect upon people, communities, business and organisations within the County.

It is therefore important that we are alert to this risk and that law enforcement agencies are prepared with effective processes to pursue organised crime groups and help prevent and protect us all from organised crime.

Organised crime involves a range of offences including supplying drugs, money laundering, cybercrime and fraud. The committee has considered evidence on the partnership approach led by Durham Constabulary to tackle organised crime. The importance of community intelligence and tackling illegal waste was examined. Finally, the risk of fraud to the council was also considered.

This topic is of significant interest to members. The review has heard a range of evidence including presentations and video footage and looked at awareness raising approaches in our communities. The report concludes with a number of recommendations for consideration by the Council's Cabinet and the Safe Durham Partnership.

I would like to take this opportunity to thank members of the committee and representatives from Durham Constabulary, Durham County Council, The National Crime Agency and the Environment Agency for their valuable time in giving evidence and supporting the work of the review.



Councillor Dr David Boyes  
Chairman  
Safer and Stronger Communities Overview and Scrutiny Committee

## Executive Summary

1. At its meeting in April 2014, the Committee received information from Durham Constabulary on the approach to tackling organised crime within the County and work undertaken by a Safe Durham Partnership task and finish group. The presentation highlighted the range of criminal activity, economic impact of organised crime groups and positive partnership action that had taken place. Within the previous 12 months there had been a minimum of £560,000 worth of drugs seized, £332,000 in cash detained (which does not include confiscation orders made of criminal benefit) and at least 70 arrests.
2. In considering its work programme, the Committee requested to undertake review activity looking at organised crime. In developing the scope, discussions with Durham Constabulary identified illegal waste sites and their links to organised crime to be included within the Committee's work. In addition the review looked at the potential risk of organised crime to the council.
3. The review sought evidence in relation to the objectives of 'Pursue, Prevent, Protect and Prepare' within the Government's Serious and Organised Crime Strategy and how this is being met locally. Evidence was also gathered on the approach between Durham County Council, Durham Constabulary and the Environment Agency regarding raising awareness of the impact of organised crime in relation to illegal waste sites. Information has been gathered on community confidence, innovative use of Police and Communities Together (PACT) meetings and the Proceeds of Crime Act. The Government's strategy also aims to reduce the vulnerability and protect local government from serious and organised crime.

## Purpose of the Review

4. The purpose of the review is to help deliver further improvements in tackling organised crime within the county through:
  - promoting the wider elements of tackling organised crime and the partnership approach
  - further improving confidence and reassurance within communities to report activity;
  - identifying and removing illegal waste sites which could be linked to organised crime; and
  - looking at the potential risk of organised crime impacting on the Council.

## Methodology

5. The review group members:
  - Considered crime and confidence data within areas affected by organised crime, the range of activity across the county, partnership approaches through the Disruption and Intervention Panel and its impact on communities and businesses.

- Gained an understanding and commented upon delivery of the Government's strategy within County Durham through partnership working and linked into the work of the National Crime Agency.
  - Gathered evidence on the impact of organised crime within County Durham and existing approaches to engage and raise awareness with communities and businesses to report suspected organised crime through Neighbourhood Policing, PACT meetings, social media and use of the Proceeds of Crime Act.
  - Received evidence on a case study example of tackling an organised crime group operating an illegal waste site and considered current partnership arrangements, powers and responsibilities to take action on illegal waste sites.
  - Raised awareness of the potential threat of organised crime through fraud in the Council and looked at the approaches to identify and reduce this risk.
6. Members held four Review Group Meetings that received evidence from:
- DCI Victoria Fuller, Durham Constabulary
  - Sgt Stoyan Barrett, Durham Constabulary
  - Stewart McLeod, National Crime Agency
  - Dave Edwardson, Environment Agency
  - Neil Laws, Durham County Council
  - Paul Bradley, Durham County Council

## Conclusions and Recommendations

7. The committee concludes that there are strong partnership arrangements in place to tackle organised crime and that the work led by Durham Constabulary is considered to be leading work nationally. The committee noted that Government issued guidance at the time of the review on how the police together with its partners should develop profiles on the threat of serious and organised crime in their localities. These profiles will help build on the good work that is already in place in Durham.
8. Communities can provide valuable intelligence to the police and partners to help fight serious and organised crime. Education and awareness is a key part of the work of the Safe Durham Partnership. The committee heard of some innovative work that has been done in this area. It was noted helping partner agencies and communities to recognise serious and organised crime and encourage them to report it remains a critical area in fighting the threat and that the committee would like to be kept apprised of the work being done in this area.
9. The work of the police, the council, Environment Agency and other agencies working together to tackle organised crime groups operating illegal waste sites in County Durham was the focus of a case study. The committee heard how a Joint Memorandum of Understanding had been developed between the

council and the Environment Agency for cases where waste processing businesses are being used as a front for criminal activity. Whilst legal action may be being pursued, members recognise that residents may become frustrated with the lack of any visible progress regarding dealing with unsightly illegal waste sites in their neighbourhood. The committee would like to be updated on work being done in partnership in this area and what further action can be done to engage with communities when dealing with illegal sites.

10. Local government can be the target of organised crime groups. The committee looked at the risk of fraud to the council. Public sector organisations can legitimately share data to help disrupt organised crime and protect the public purse. The committee heard that Durham County Council is taking part in one of only a small number of pilots nationally looking at data sharing and procurement contracts. Following conclusion of this exercise the committee would like to hear if there are any lessons learned from this innovative work.
11. Finally it was felt that both members and officers of the council could benefit from further training in being able to recognise organised crime particularly those officers in the front line who work within communities.
12. It is therefore recommended that:
  - 1) Cabinet note the work of the Council and partners in contributing to partnership activity to tackle organised crime through the Disruption and Intervention Panel.
  - 2) Relevant organisations on the Safe Durham Partnership comply with all information and actions required to develop and deliver the Local Profiles Document. In addition, the Committee request that a progress report on the Local Profiles document is presented to a future meeting.
  - 3) The Safe Durham Partnership continues work to raise awareness with partner agencies and communities to be alert and be confident to report activity that could be linked to organised crime.
  - 4) Activity through the Memorandum of Understanding the council work with the Environment Agency to take prompt action when illegal waste sites are identified.
  - 5) Cabinet note the potential risk of organised crime through fraud and that following conclusion of the Home Office project look to seek if learning from this work can be implemented more widely.
  - 6) Enhance training and awareness raising in relation to organised crime through:
    - an awareness session on Organised Crime for Elected Members

- Integrating organised crime information within the Council's fraud awareness training, including consideration of developing on-line training information.

## Background

13. Serious and organised crime is not just a threat, it is a daily reality that can impact everyone and costs the overall economy at least £24 billion each year. Nationally law enforcement agencies estimate that there are around 5,500 active organised crime groups operating in the UK, comprising about 37,000 people.
14. Organised crime groups are responsible for the trafficking of drugs, people and firearms, organised illegal immigration, large-scale and high-volume fraud and other financial crimes, counterfeit goods (including medicines), organised acquisitive crime, child sexual exploitation and cybercrime. In undertaking activities, organised crime groups will often function through a structured hierarchical model similar to that of a business or organisation. There is no legal definition of organised crime in England and Wales. The Government's Strategy identifies organised crime as *'serious crime planned, coordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain'*.
15. Organised crime is an important subject which is clearly reflected within the video by the National Crime Agency's Director of Intelligence, Gordon Meldrum QPM which was shown to the review group. This illustrates that a wide range of public sector workers need to work together collectively as "it takes a network to defeat a network". In addition, Mr Meldrum highlights the importance of community intelligence and the use of law enforcement agencies using the Proceeds of Crime Act 2002 as a tool to target the power and profit of organised crime groups who can view custodial sentences as an occupational hazard. In conclusion, the video instilled a clear message to encourage greater emphasis from law enforcement agencies and communities to "prevent bad people from doing bad things to good people".
16. This report outlines the Government's Serious and Organised Crime Strategy and the legislation that has been introduced specifically to target organised crime groups, some of which Durham Constabulary have been at the forefront of applying. Some of these new laws have led to the creation of the National Crime Agency, an officer from which gave evidence to the committee as part of this review.
17. The report then looks at the local context and how the national framework is applied in Durham, the leading work done in partnership and how this can be built upon through the development of local profiling and raising awareness among members, staff and residents of organised crime. The threat that organised crime poses to the council as an organisation is also examined as part of our deliberations.

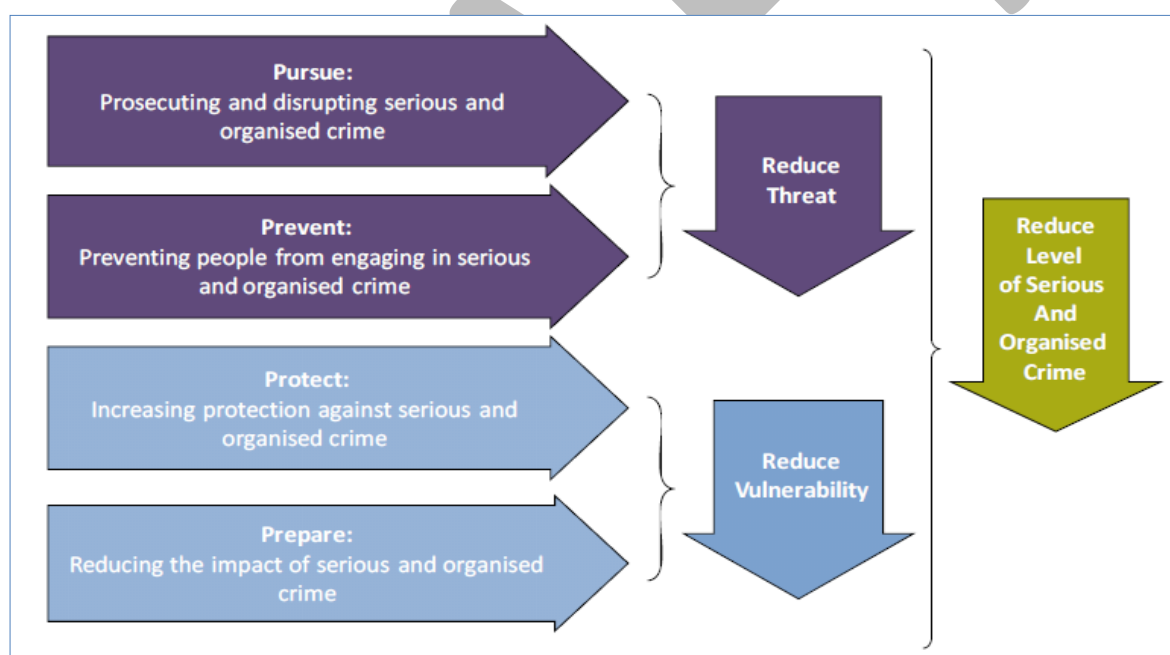
18. Finally, it concludes with some recommendations for improvement to Cabinet and the Safe Durham Partnership.

## National Context

19. The key national drivers are:
- the Government's Organised Crime Strategy;
  - National Crime Agency;
  - Legislation (Proceeds of Crime Act 2002, Serious Crime Act 2015 and lifetime management of offenders).

### The Government's Serious and Organised Crime Strategy

20. The Government's Serious and Organised Crime Strategy was launched in October 2013 with the aim to substantially reduce the level of organised crime affecting the UK and its interests. The strategy follows the four objectives within the Counter Terrorism Strategy that are Pursue, Prevent, Protect and Prepare and illustrated with the following chart:



(UK serious and Organised Crime Strategy, Home Office, 2013)

21. Appendix 1 to the report includes a table outlining the measures of success and objectives to be delivered from the main objectives of the Government's strategy. The immediate priority within the Strategy is under the objective of 'Pursue' and 'to prosecute and relentlessly disrupt serious and organised criminals and reduce the threat they pose'. Delivery of the strategy requires a response from the whole of government, partnership working with many agencies and close collaboration with the public.
22. The Home Office has overall responsibility for co-ordinating implementation of the strategy and are developing a national performance framework and



annually publish a report on delivery of the strategy. Locally the strategy requires Police and Crime Commissioners to scrutinise the performance of police forces regarding serious and organised crime and also the support provided to police forces by the local authority.

## National Crime Agency

23. Coinciding with the publication of the Government's strategy was the high profile launch of the National Crime Agency (NCA). With 4,000 officers who have specialist capabilities, the overall aim of the NCA is to lead the UK's fight to cut serious and organised crime within the four main objectives of the strategy and provide specialist support to UK operational partners.
24. The NCA publish an annual report and strategic assessment that identifies their achievements, priority areas and key national risks. In terms of activity their October 2014 newsletter reports that the NCA has been involved in over 2,000 arrests and 400 convictions in the UK, over 1,000 arrests overseas and seized 213 tonnes of drugs.
25. Delivery of their activities requires close working with partner agencies. The NCA's partnerships go beyond law enforcement and include work with private industry, local and national government and other public sector organisations, the charity and voluntary sectors, think tanks and academia.
26. The NCA have adopted a number of tactics to communicate specific messages to a variety of target audiences with the intention of achieving a focussed outcome in support of the agency's mission to lead the UK's fight to cut serious and organised crime. In collaboration with partners campaigns have been developed to:
  - increase awareness of existing and emerging threats, providing advice and specialist resources to help the public and industry avoid, or mitigate the impact of the threat;
  - deter criminals and would-be criminals; preventing them from engaging in criminal activity by demonstrating our effectiveness at fighting serious and organised crime and promoting consequences of their actions;
  - engage the public, organisations and partners; sharing intelligence and encouraging reporting of suspicious activity or individuals. Further information regarding the NCA can be accessed from their website [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)
27. Whilst a national organisation, the NCA has four regional units including one located within the North East of England. An overview of activity from national and regional perspectives was provided by the NCA's Stuart McLeod at a working group meeting and reference was made to successful joint operations with Durham Constabulary

## Legislation

28. Money is at the heart of all organised crime and the lifestyle and status it brings is the main motivation for most criminals. The Proceeds of Crime Act (POCA) 2002 provides legislation to tackle organised crime, enabling officers to have the power to seize cash and recover assets such as cars and houses bought by criminals through the proceeds of their crimes.
29. The money recovered and made through the sale of the criminal's assets can then be put back into community projects and provide funding for further investigations, whilst showing the public that crime does not pay. By way of context, nationally, £190 million was recovered through POCA during 2013/14.
30. The Serious Crime Act 2015 received Royal Assent in February 2015. The principal objective of the Act is to ensure that law enforcement agencies have effective legal powers to deal with the threat from serious and organised crime and contributes to objectives within the Government's Serious and Organised Crime Strategy. The Act has six parts but linked to the Committee's work, Part 1 makes further provision in respect of strengthening powers for the recovery of property derived from the proceeds of crime and Part 3 provides for a new offence of participating in the activities of an organised crime group and strengthens the arrangements for protecting the public from serious crime and gang-related activity.

#### Lifetime Management

31. Lifetime Management of offenders provides a responsibility for law enforcement agencies to manage a number of high-priority and significant serious and organised criminals. These criminals have been convicted of serious offences, and law enforcement have secured additional restrictions on them at court to prevent them from re-offending. Key powers used include:
  - **Serious Crime Prevention Orders (SCPOs)** are civil orders to prevent or deter serious crime and include restrictions on communications devices, conducting specific types of business, bank accounts, associating with criminal associates and geographic restrictions.
  - **A Travel Restriction Order (TRO)** can be imposed on any offender convicted of a drug trafficking offence and sentenced to four years or more in prison, regardless of nationality.
  - **Financial Reporting Orders (FROs)** may be made by a court, on the application of a prosecutor, following a conviction for certain offences. They require a convicted criminal to report their financial details at regular intervals.
  - The imposition of **licence conditions** can also deter and frustrate offenders from committing further offences.
32. A wide range of investigative and intelligence techniques are used to monitor compliance with these restrictions. In particular, working closely with partners

including local authorities to exchange information to identify and reduce offenders' opportunities for returning to criminal activity. Durham Constabulary were the first force nationally to successfully gain a lifetime management order for a member of an organised crime group

## Local Context and Partnership Approach

33. An objective of the working group was to gather and consider evidence on the approach and activity to tackle and disrupt organised crime by the Police and partners within the County.

34. **Key Conclusions**

- **There is a strong and effective partnership approach through the Disruption and Intervention Panel and utilising the Sledgehammer branding to disrupt organised crime activity within County Durham.**
- **The Council has a valuable role in contributing to the work of the Disruption and Intervention Panel**
- **The development of a Local Profile document requires all available information to be shared and partners are utilised to tackle organised crime**

35. Reducing the threat and harm from serious and organised crime is something Durham Constabulary acknowledge within their core deliverables set out in the Police and Crime Plan. The Chief Constable has publicly spoken on many occasions about his commitment and desire to relentlessly tackle organised crime groups within the force area. The Force has an ongoing campaign known as Sledgehammer with the clear aim to disrupt, dismantle and destroy organised crime groups and slogan 'hitting organised crime where it hurts'.



36. The types of activity linked to organised crime in County Durham are generally classed as 'volume crime' and while drugs and illegal alcohol and tobacco did form part of the spectrum, it is not the only aspect. It is noted that in many cases there were links from one type of activity to another, with links from drugs to firearms to exploitation and from illegal waste dumping to bypassing electricity and gas meters to avoid bills. This activity can impact on communities in respect of societal harms, harm to individuals and businesses. This also has a wider impact on public services, through increased burden on the public purse through greater demands placed on the Council, police, fire and health service and to the Government through loss of tax to the Treasury and locally, which can all impact on the economy.

37. Durham Constabulary were one of the first forces nationally who have 100% management of organised crime groups within their area and have identified over 35 Organised Crime Groups suspected to be operating within the force area. Each group has an assigned Financial Investigator and an identified lead officer as the plan owner.
38. Activities are coordinated by the relevant plan owner liaising with the relevant officers within Durham Constabulary, the NCA and partners including the council in relation to intelligence gathering activities. Tackling organised crime can be resource intensive, however partnership working and appropriate plan management ensures that every organised crime group receives the appropriate level of attention in County Durham. A case study of tackling an organised crime group is provided later in this report.
39. Community intelligence and partnership working is vital and has successfully led to the arrests, seizure of money and vehicles. In April 2014, a report to the Safer and Stronger Communities Overview and Scrutiny Committee highlighted that in the previous 12 months there had been a minimum of £560,000 worth of drugs seized, £332,000 in cash detained (which does not include confiscation orders made of criminal benefit) and there have been at least 70 arrests. In addition through the Proceeds of Crime Act, in the region of £4,000 has been given to community initiatives.
40. In addition, following operational activity or raids, proactive media releases have also been undertaken through the Sledgehammer branding to demonstrate the approach in hitting Organised Crime Groups where it hurts and to provide reassurance and confidence that the police were tackling issues of organised crime.
41. In line with the 'Pursue' element of the Government's Strategy, the force together with a wide range of partner agencies including Durham County Council, Darlington Borough Council, the Environment Agency, RSPCA, VOSA and County Durham & Darlington Fire & Rescue Service have an established Organised Crime Disruption and Intervention Panel. This is chaired by Durham Constabulary and working under the Sledgehammer brand. The aim of the group is to collectively utilise powers from each partner agency, gather intelligence and carry out activity in support of the 4Ps towards suspected organised crime groups. Members also note that Durham Constabulary has been invited to share its approach and practices with other police forces.
42. Tackling organised crime is led by Durham Constabulary but the Council's Environmental Health and Consumer Protection, Corporate Fraud, and Planning Service provide a valuable contribution to the work of the Disruption and Intervention Panel.

## Local Area Profiles

43. In November 2014, the Government published a document 'Serious and Organised Crime Local Profiles: A Guide'. The document outlines principles for a consistent approach to fighting serious and organised crime nationally. Within this context, the purpose of the document is to identify the threat from serious and organised crime within a specific local area.
44. The document highlights that police forces will continue to conduct most law enforcement work on serious and organised crime and that they should be supported by a local, multi-agency partnership, including representatives from local authorities, education, health and social care, and immigration enforcement. The aim is to ensure that all available information and powers are brought to bear locally against serious and organised crime.
45. The objectives of the local area profiles are to:
- develop a common understanding among local partners of the threats, vulnerabilities and risks relating to serious and organised crime;
  - provide information on which to base local programmes and action plans;
  - support the mainstreaming of serious and organised crime activity into day-to-day policing, local government and partnership work; and
  - allow a targeted and proportionate use of resources.
46. The Government has set out a four stage process for the development of Local Profiles commissioning; production; sharing; and delivery. At the time of preparing this report, Durham Constabulary is developing its Local Profile and will build upon positive partnership working that has been established through the Disruption and Intervention Panel.

### **Recommendation 1**

**Cabinet note the work of the Council and partners in contributing to partnership activity to tackle organised crime through the Disruption and Intervention Panel.**

### **Recommendation 2**

**Relevant organisations on the Safe Durham Partnership comply with all information and actions required to develop and deliver the Local Profiles Document. In addition, the Committee request that a progress report on the Local Profiles document is presented to a future meeting**

## **Community Intelligence & Engagement**

47. The review group has gathered evidence to assess the effectiveness of current approaches to engage and raise awareness of organised crime.

48. **Key Conclusions**

- **It is difficult to measure the effect on community confidence of tackling organised crime.**
- **There is a role for elected members in tackling organised crime through providing local intelligence.**
- **Positive engagement through education with communities and high confidence with police can deter people from involvement in organised crime, challenge attitudes and increase reporting of suspected activity.**
- **Innovative approaches to raise awareness of organised crime take place through PACT meetings, POCA funding and Media reports**
- **Neighbourhood Policing Teams provide links to communities and Elected Members**
- **Information can be reported anonymously via Crimestoppers**
- **Community intelligence has contributed to successful activity to tackle organised crime across the County.**

49. The Committee's review sought to identify the impact of tackling organised crime on crime reduction and community confidence levels. Whilst measures including the number and length of convictions, high profile seizures of illegal drugs, the seizure of properties, vehicles and jewellery can be recorded, it is difficult to measure the impact on crime and confidence levels purely on these results. It is also noted that many activities undertaken by organised crime groups will have been unreported and communities may have been unaware. However, Members were unanimous in the view that the approach that was being taken to disrupting activities of organised crime groups can achieve a positive impact within communities.
50. Home Office guidelines on the development of Local Profiles identifies the role of elected members and how they can contribute to tackling organised crime through local intelligence, ensuring that effective partnerships are established and maintained and through communication of appropriate information.
51. Organised Crime can be corrosive to a community, become an accepted feature of the environment and in some areas criminals become local role models. They may operate through fear and intimidation and believe they are untouchable. These behaviours can also lure young people and other

members of the community into criminality as they may not recognise the risks or consequences of criminal activities.

52. Communities or individuals may have suspicion or knowledge of activity relating to organised crime before it is known to law enforcement agencies. It is therefore imperative that they have the confidence to report information and this is emphasised within the PREVENT element of the Government's Strategy which includes objectives to:
  - *'Deter people from becoming involved in serious and organised crime by raising awareness of the reality and consequences'*.
  - *'Provide communities, victims and witnesses affected by serious and organised crime with effective criminal justice and other support'*.
53. Working with communities through education and communication programmes can deter people from getting involved in organised crime, challenge attitudes to organised crime and encourage communities to report organised crime and support law enforcement work against it. It is within this context the strategy identifies the need for disruption but for this to happen, public confidence with the police is vital and that Neighbourhood Policing Teams have an important part to play through building trusted relationships, gathering community intelligence and resolving community concerns.
54. Evidence from research within the Government strategy has shown that when people are helped to recognise organised crime and the serious harm it causes, they are more likely to report it. The Strategy reports on a Home Office-funded Crimestoppers campaign to raise awareness of the role of organised crime and cannabis cultivation which led to a 25% increase in public reporting and directly to arrests and seizures of drugs and plants
55. Locally, the Safe Durham Partnership Plan identifies that "education and awareness continues to be a key part of the work of the Safe Durham Partnership in helping people recognise serious and organise crime and encouraging them to report it". Durham Constabulary and partners have actively engaged with communities relating to organised crime and currently has high confidence and victim satisfaction levels. Neighbourhood Police Teams provide effective communication of all areas of policing with local communities and links to elected members. The Force holds regular PACT meetings across the county which provides a platform for communication on matters of concern within that locality.
56. In 2014, the Chief Constable, Mr Barton attracted positive media attention through attending a PACT meeting to raise awareness of organised crime through the use of the 'Guess Who' board game. The purpose of this approach is to highlight the message that there was no stereotypical organised crime group member and that people of all ages, ethnicities and social backgrounds could be involved in organised crime.

57. The game also illustrates that people could be living next to a member of an organised crime group and that there were various types of activities that they undertook and if the public had information they could bring this forward to the police. A further element to this approach was to name and shame those involved in organised crime, with an example given where organised crime group members' names were given to the public in that area and their activities were listed, including: theft; cruelty to animals; drug dealing; and violence to highlight the impact they were having within that community. Subsequently and positively reported within the media was the arrest of an individual identified within the PACT meeting and seizure of assets, highlighting the effect to undermine the status of those involved in organised crime groups.
58. A separate example provided related to an elderly gentleman who had been storing a large quantity of drugs for another individual and demonstrated that it was not the stereotypical view of an offender involved in drugs. This example also illustrated that this person may have also been a victim in the context of not fully understanding the risks and consequences of his actions.
59. A presentation to the Safer and Stronger Communities Overview and Scrutiny Committee on consumer protection enforcement also demonstrated the vital importance and value of community intelligence in tackling tobacco houses. This intelligence has contributed in a number of joint operations between the Council's Trading Standards Team and Durham Constabulary resulting in the seizure of over 39,000 illegal cigarettes and more than 40 kilograms of hand rolled tobacco between the period 1 April 2014 – 31st January 2015. Undertaking this work provided further information on the wider activity of organised crime groups.
60. Understandably people may feel vulnerable in reporting information relating to organised crime directly to the police and law enforcement agencies and at no point would authorities ask people to put themselves in any risk of danger to gather intelligence. Information provided to police is handled carefully and the recorded source of the information is protected. Communities can have confidence to report information anonymously through the crime fighting charity Crimestoppers through which the police do not receive personal details which could be used to identify the person reporting information.
61. Within County Durham, Crimestoppers is actively promoted by the police and partners to raise awareness and encourage reporting of a wide range criminal activity. Relating to organised crime, specific campaigns have been undertaken relating to cannabis farms and loan sharks. These have included 'scratch and sniff' cards being circulated to communities and PACT meetings to raise awareness of the smell of cannabis and how to report to it. In addition, working with Crimestoppers a campaign called VIPA (violence, intimidation, persuasion and aggression) was undertaken in specific areas to provide information on how to anonymously report organised gangs who may use violence and intimidation as a method of operating. In addition, Neighbourhood Police Teams are in regular communication with communities raising awareness of local issues of concern with the extensive



neighbourhood watch scheme that covers over 55,000 properties across the County.

62. Durham Constabulary and partner agencies using funding from Durham Agency against Crime and in some areas support from the Council's Area Action Partnerships, have also established Junior Neighbourhood Watch schemes within primary schools across the County. This is an exciting and positive approach to actively engage with primary school children to help them understand that crime prevention plays an important part in protecting them, their families, property and the area they live in.
63. Young people can be at risk of being lured into organised crime without knowledge of the risks or consequences and appropriate messages relating to organised crime are to be incorporated into the Junior Neighbourhood Watch programme.
64. Seizures through the Proceeds of Crime Act are highlighted to the public through media articles, press releases and social media to inform communities and the public of action taken to tackle organised crime through the Sledgehammer brand. Money seized from criminals operating in the Durham Constabulary force area was used to fund the purchase of new strips bearing the Sledgehammer logo for several children's football teams at Shotton Colliery. The aim of this approach is to engage with young people for them to see the work to tackle organised crime in the community in a positive light and demonstrate that those involved in organised crime groups are not to be admired and their lifestyles are not to be aspired to. This approach received TV coverage across the region and in addition to positive feedback from parents and coaches at the football club, over 100 children are now aware of Sledgehammer.

### **Recommendation 3**

**The Safe Durham Partnership continues work to raise awareness with partner agencies and communities to be alert and be confident to report activity that could be linked to organised crime.**

### **Illegal Waste Sites**

65. Durham Police identified illegal waste sites and their links to organised crime as areas to include within the review. Evidence has been gathered to assess current responsibilities and a case study example of partnership activity to tackle an illegal waste site linked to organised crime was considered.

## 66. Key Conclusions

- **Illegal Waste Sites can impact on people, communities, the environment and businesses and a case study highlighted how an organised crime group used waste to generate income**
- **Legislation to take enforcement action can be time consuming and lead to frustrations for communities**
- **Partnership Memorandum of Understanding in place to address illegal waste sites and provide intelligence on suspected organised crime to the Disruption and Intervention Panel .**
- **Case Study identified positive partnership approach to take effective action to remove and clear illegal waste sites at no cost to public purse**

## Impact of Illegal Waste Sites

67. The Environment Agency defines waste sites as being illegal if they do not have a permit or do not meet other legal requirements i.e. waste exemption or planning permission. Waste crime has a detrimental impact on people and the environment. It can blight communities and causes pollution. People who handle waste illegally, do not invest in appropriate safeguards, can dispose of waste more cheaply and undercut legitimate waste contractors. Within its report 'The Economic Impact of Illegal Waste', published in December 2012, The Environment Agency estimates that waste crime diverts as much as £1 billion per annum from legitimate business and HM Treasury.
68. In terms of scale, it is estimated that between April 2012 and March 2013, nationally the Environment Agency stopped 1,300 illegal waste sites by closing them down or in some cases by bringing them into regulation. This topic was the focus of a BBC Inside Out programme in September 2014 that

highlighted the devastating impact that this can cause upon communities and businesses within the County.

69. There are many victims of waste crimes and these include home owners, businesses, police and fire services and local authorities. Examples presented to the review group included an incident near to the east coast mainline where if a fire was to occur, notwithstanding the environmental impact and resource implications for agencies, would also result in financial penalties to the rail provider, affect rail passengers and have a significant disruptive impact on the national rail network.

## Responsibilities

70. The Environment Agency have responsibility for tackling waste crime in relation to illegal waste sites, illegal export of waste, mis-description of waste and high risk sites. There are currently 32 high risk sites within the region of which at the time of this report none were in County Durham. The Environment Agency also has responsibility for issuing of waste carrier licenses and permits to operate sites and that upon conviction for certain offences, these can be revoked.
71. In summary, powers to take enforcement action are through:
- ***The Environmental Permitting (England and Wales) Regulations 2010*** for either breaching the requirements of an environmental permit or for an activity where no permit is in place.
  - ***The Environmental Protection Act 1990*** for offences where no permit would be granted eg fly-tipping offences, keeping or treating waste eg burning of waste. There is also an offence under this legislation of being the controller of a vehicle used for waste offences, as well as various Duty of Care offences to ensure waste is managed properly and only transferred to properly authorised people. The Control of Pollution (Amendment) Act 1989 which is the legal requirement for carriers of waste to be registered with the Environment Agency stems from this.
  - ***Hazardous Waste (England and Wales) Regulations 2005*** which are the legal requirements for managing hazardous waste
  - ***Transfrontier Shipment of Waste Regulations 2007*** that details that the export of waste should only be for recycling or recovery in other countries that are assessed as able to deal with such wastes properly.
72. Notwithstanding these legal powers, tackling waste crime is not always a simple process and whilst these are pursued, legal processes can be resource intensive, costly, time consuming and lead to frustrations by communities and agencies when it appears that no visible action is being taken. It is therefore imperative that whilst enforcement action may be taken, partnership arrangements are also in place to take wider action with illegal waste sites and the Environment Agency work with local authorities, police,

fire service, Driver and Vehicle Standards Agency, Health and Safety Executive and the waste industry.

73. At the time of undertaking the Committee's work a joint memorandum of understanding had been agreed between the Council and the Environment Agency. Through the Silver Command Group, council officers from a range of services work with partners from external agencies to tackle criminal activities masked by illegal or unregulated activities, particularly where these activities involve the storage, treatment or disposal of waste. The collective actions of the Group can have a significant impact on the individuals or businesses targeted.
74. Alongside this work, the everyday regulatory activities of the Environment Agency and the Council's Strategic Planning and Environment, Health and Consumer Protection officers exercise control over a broad range of waste-related activities and premises.
75. Durham County Council and the Environment Agency recognise the need to work in partnership to effectively tackle environmental crime and to co-ordinate their regulation of waste businesses in County Durham given the overlap of enforcement duties.
76. A key aim of the document is to clarify the responsibilities of each of the signatories and to act as a point of reference in relation to those responsibilities for the public. This ensures that any future issues are directed to the people who have the expertise to deal with them.
77. All parties will work in partnership where possible, resolving complaints/issues in a timely manner. This will give a better customer service, protect the reputation of both authorities and provide the most efficient use of public resources.
78. To aid this partnership working a meeting is held at least every three months between the authorities at officer level to discuss new and ongoing issues and agree our joint approach. With representation on the Disruption and Intervention Panel from the Environment Agency and Durham County Council information relating to organised crime can be shared. In addition, issues of fly-tipping linked to this intelligence are brought to the attention of the Council's Street Scene Teams or Neighbourhood Wardens.

#### Links to Organised Crime

79. With regard to identifying links to organised crime, the Disruption and Intervention Panel includes the Environment Agency and creates a process to share information regarding potential problem sites and identify potential actions that could be taken to remedy situations and prevent larger problems. Whilst prosecutions will be pursued where appropriate working in partnership can lead to more creative thinking and use of wider powers to reach a more effective conclusion that best deals with the situation.

80. Landowners will be traced and enforcement taken where appropriate but it is important to note that the landowners may also be victims as they may have rented or leased the land and be unaware of activities until approached by the local authority or Environment Agency. Information sharing with the council's planning service enables assessment of compliance with any conditions and/or associated breaches.



81. To illustrate the impact of this crime and effectiveness of partnership working a case study was provided. This illustrated an organised crime group which was operating across three sites in County Durham and Darlington. Waste collected by the operating company was stripped of any items of value and then dumped in large warehouses and compounds without being correctly processed. This resulted in volumes of waste overflowing out of a warehouse in Darlington and at Shildon an uncovered mound was higher than surrounding buildings. A conviction had been secured by the Environment Agency but a significant pile of waste at the barrier works in Shildon and a previous fire prevented a neighbouring company from obtaining insurance and threatened their future.
82. Working in partnership, agencies intervened to facilitate the obtaining of insurance for the company, safeguarding employment and business. Whilst a further conviction was obtained, partnership work with the Vehicle Operator Standards Agency and an insurance company ensured no further waste collections were being made or dumped. However, there was still the issue of who would pay to clean up the waste on the site. In May 2013, a serious fire broke out at the site in Darlington engulfing the waste pile and in addition to the detrimental effect on the local community and environmental impact this had a significant resource implication for the fire service as it took 45 fire-fighters one week to extinguish the blaze.

83. The landowner was traced and looking further into the sale contract and planning permission of the site, it was established that the site was only permitted to treat the waste inside the building on the site, not outside within the larger compound.

84. Subsequently, action was taken resulting in the landowner having responsibility for clearing the site



at a cost of £500,000, and £62,000 court costs. The Health and Safety Executive (HSE) determined that the damaged building needed to be demolished and the site was cleared in August 2014, with the Environment Agency overseeing the operation. The site at Shildon had the same landowner and had breached planning regulations and was also cleaned up.

85. This approach emphasised the significant impact of illegal waste sites on adjacent businesses and neighbouring communities and the link to organised crime. Using an innovative partnership approach involving a range of public sector organisations and a combination of both criminal and civil court action undermined this organised crime group and led to the clean-up of the sites and not at the public's expense.

#### **Recommendation 4**

**Activity through the Memorandum of Understanding the council work with the Environment Agency to take prompt action when illegal waste sites are identified.**

#### **Risk of fraud through Organised Crime on Durham County Council**

86. This area of the report considers the Council's internal measures and approaches to prevent fraud and reduce the risk of organised crime.

#### **Key Conclusions**

- **Estimated cost of fraud on local government nationally is £2.1bn**
- **Durham County Council has a zero tolerance approach to fraud and has reviewed policies and created a Corporate Fraud Team**
- **Pilot exercise currently being undertaken to reduce the risk of organised crime through procurement activity**
- **Training sessions to be held to raise awareness of fraud with staff and Members**

#### **National Impact**

87. Nationally, it is estimated that fraud against the public sector costs about £20 billion each year of which the majority is against the tax system. The Government's Serious and Organised Crime Strategy estimates that about £5 billion of the annual UK 'tax gap' (the gap between tax owed and tax collected) is due to organised crime.
88. By way of context, the National Fraud Authority's Annual Fraud Indicator report 2013, estimates that local government might be losing £2.1 billion to fraud. This estimated figure consists of loss due to:

- grants (£35 million);
  - payroll (£154 million);
  - pension fraud (£7.1 million);
  - procurement (£876 million);
  - fraudulent council tax discounts and exemptions (£133 million);
  - Blue Badge Scheme abuse (£46 million) and,
  - housing tenancy fraud (£845 million).
89. The Government's Serious and Organised Crime Strategy includes an objective to 'Protect national and local government' and aims 'to increase work to cut fraud against government and in particular local government procurement.'
90. The strategy encourages collaboration between law enforcement agencies and local authorities to contain the risk that serious and organised crime might benefit from local authority procurement, highlights concern about organised criminals tendering for public sector contracts, including through the use of front companies. In response, the Government aims to develop secondary legislation to implement the modernised EU Public Procurement Directive that ensures appropriate checks and controls in the public sector procurement process exclude companies involved in organised crime.

#### Council Counter fraud approach

91. The Council has a zero tolerance policy on its approach to tackling fraud and by adopting this method aims to reduce the risk of fraud but it is to be acknowledged that is difficult to assess what percentage or monetary value of fraud is identified or linked to organised crime.
92. The Council has taken a number of positive actions to tackle and prevent fraud through revising its Counter Fraud and Corruption Strategy, Confidential Reporting Code (Whistleblowing) and integration of the Benefit Fraud Team into the Internal Audit and Risk Division to create a Corporate Fraud Team. These approaches have enhanced an anti-fraud culture and further developed partnerships both internally and externally including with the Home Office, Durham Constabulary and other local authorities within the region.
93. A representative from the Council's Corporate Fraud Team attends the Organised Crime Disruption and Intervention Panel. Public sector organisations can share data to disrupt organised crime and help protect the public purse. The Council in partnership with Durham Constabulary are participating in a Home Office pilot data sharing exercise linked to organised crime and procurement.
94. Whilst it is acknowledged that not all fraud is organised crime, it was highlighted that organised crime groups may target any area through which they could achieve a financial reward or benefit. These could include housing benefit and council tax support, single person discount or fraudulent use of a blue badge but this also provides scope for the police and partner agencies to disrupt organised crime activities.

## Raising awareness and training

95. The Council publicises enforcement outcomes following fraud investigations to raise awareness and act as a deterrent and this is of assistance to the continued development of internal and external partnerships to build intelligence and also deter fraud from happening.
96. Raising awareness is essential and the council aims to support the culture of deterring and detecting fraud by encouraging employees and members of the public to raise any concerns. Contributing to this, awareness sessions are to be developed by the Corporate Fraud Team with frontline staff such as social workers, housing staff and contractors to be able to identify where fraud may be occurring and reduce the risk of organised crime upon the council.

### **Recommendation 5**

**Cabinet note the potential risk of organised crime through fraud and that following conclusion of the Home Office project look to seek if learning from this work can be implemented more widely.**

### **Recommendation 6**

**Enhance training and awareness raising in relation to organised crime through:**

- **an awareness session on Organised Crime for Elected Members**
- **Integrating organised crime information within the Council's fraud awareness training, including consideration of developing on-line training information.**



## Appendix 1

Main Objective	Success will mean that	Objectives to be delivered
<b>Pursue</b>	<ul style="list-style-type: none"> <li>At home, relentless disruption of serious and organised crime and the prosecution of those responsible reduces the threats we face</li> <li>Overseas, better international collaboration drawing on wider resources more effectively disrupts global organised crime</li> </ul>	<ul style="list-style-type: none"> <li>i. Establish strong organisations and effective collaboration to lead work against serious and organised crime</li> <li>ii. Develop our capabilities to detect, investigate, prosecute and disrupt serious and organised crime</li> <li>iii. Attack criminal finances by making it harder to move, hide and use the proceeds of crime</li> <li>iv. Ensure that effective legal powers are available and are used to deal with the threat from serious and organised crime</li> <li>v. Internationally, improve our own capabilities and our cooperation with others to better tackle organised crime networks</li> </ul>
<b>Prevent</b>	<ul style="list-style-type: none"> <li>Fewer people engage in serious and organised criminal activity</li> <li>We reduce reoffending by people convicted for serious and organised crime</li> </ul>	<ul style="list-style-type: none"> <li>i. Deter people from becoming involved in serious and organised crime by raising awareness of the reality and consequences</li> <li>ii. Use interventions to stop people being drawn into different types of serious and organised crime</li> <li>iii. Develop techniques to deter people from continuing in serious and organised criminality</li> <li>iv. Establish an effective offender management framework to support work on Pursue and Prevent</li> </ul>
<b>Protect</b>	<ul style="list-style-type: none"> <li>We reduce our vulnerability to serious and organised crime, across government and the private sectors and among the public.</li> </ul>	<ul style="list-style-type: none"> <li>i. Protect our borders from serious and organised crime</li> <li>ii. Protect national and local government from serious and organised crime</li> <li>iii. Improve protective security in the private sector by sharing intelligence on threats from serious and organised crime</li> <li>iv. Protect people at risk of becoming the victims of serious and organised crime</li> <li>v. Improve our anti-corruption systems</li> <li>vi. Strengthen systems for establishing identity so that serious and organised criminals are denied opportunities to exploit false or stolen personal data</li> </ul>
<b>Prepare</b>	<ul style="list-style-type: none"> <li>Major serious and organised crime incidents are brought to a rapid and effective resolution</li> <li>Communities, victims and witnesses affected by serious and organised crime have the support which they need</li> </ul>	<ul style="list-style-type: none"> <li>i. Ensure that we have the necessary capabilities to respond to major serious and organised crime incidents</li> <li>ii. Provide the communities, victims and witnesses affected by serious and organised crime with effective criminal justice and other support</li> </ul>