

**Manchester City Council  
Report for Information**

**Report to:** Neighbourhoods and Environment Scrutiny Committee – 6  
September 2017

**Subject:** Strangeways - Tackling Counterfeit Activity and Environmental  
Issues

**Report of:** The Deputy Chief Executive (Growth and Neighbourhoods)

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**Summary**

The Strangeways area of Manchester has a long history of trade in counterfeit goods. This report outlines multi-agency work carried out over the last 18 months, to disrupt and ultimately remove illegal businesses from the area and to improve compliance with waste regulations.

**Recommendations**

To consider and comment on the information in this report.

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**Wards Affected:** Cheetham

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Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Safe, compliant and successful businesses contribute to a thriving economy. Unchallenged, the trade in counterfeit goods in Manchester undermines legitimate businesses and exploits migrant and vulnerable workers
A highly skilled city: world class and home grown talent sustaining the city's economic success	Removing illegal businesses from the area, and supporting legitimate businesses to thrive and contribute to the economy
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	As above
A liveable and low carbon city: a destination of choice to live, visit, work	The regulatory and environmental problems in the area have resulted in an unattractive and challenging neighbourhood developing on the City Centre doorstep. Work to improve compliance will ultimately improve the contribution of the area

**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Counting the Cost - the Trade in Counterfeit Goods in Manchester  
<https://www.gov.uk/government/publications/counting-the-cost-of-counterfeit-goods>

## **1.0 Introduction**

- 1.1 For around 20 years the Strangeways area of Cheetham Hill has been well known for the supply of counterfeit goods. The area received national attention in 2016 following the publication of a ministerial report outlining the extent of the problem and the negative impact on the UK as a whole - '*Counting the Cost – the Trade in Counterfeit Goods in Manchester*'.
- 1.2 As a result Manchester Trading Standards joined GMP, City of London Police, Intellectual Property Office (IPO), Home Office, HMRC, National Crime Agency, Salford City Council, and the Border Force on 'Project Magpie' which aims to tackle the national trade in counterfeit goods from this area. The overall strategy is to disrupt and dismantle the organised crime groups involved and to eventually replace criminals in the area with legitimate business.
- 1.3 Council Officers have also established the Strangeways Operational Group, to bring together frontline officers working in the area to coordinate tactics to disrupt illegal trade at a local level. This group includes representatives from Trading Standards, Neighbourhood and Compliance Teams, City Solicitors, GMP, HMRC, Immigration, TM Eye (private investigators), the Anti-Counterfeiting Group and Brand Representatives acting on behalf of the major Brands impacted by counterfeit trade.
- 1.4 New methods of working, including the use of corporate landlord powers to evict counterfeit traders, have started to have a real impact on the area

## **2.0 Action Taken in the Past**

- 2.1 One-off days and weeks of action have long been carried out by enforcement agencies in the Strangeways area. One operation led by HMRC in February 2016 resulted in approx £2 million of counterfeit goods seized (clothing, footwear, handbags, perfume, watches, headphones), 2 arrests for revenue offences, 130,000 cigarettes recovered (£35k outstanding revenue), 70kg tobacco recovered (£14k outstanding revenue), 6 vehicles seized, 49,370 counterfeit medicines recovered from 6 locations (vehicles & premises), 6 arrests for immigration offences, and 1 arrest for money laundering.
- 2.2 Despite impressive results like these, this type of action has not significantly reduced the prevalence of counterfeit activity in this area and appears to be treated almost as an inconvenience by businesses, who quickly restock and recover. It was recognised that an alternative approach was needed to try to achieve a more lasting outcome.

## **3.0 New Local Tactics - Corporate Landlord Powers**

- 3.1 Manchester City Council owns the freehold for large sections of property within the Strangeways area. This property is divided up and leased to several long term head lessees, who then often have sub-letting arrangements in place. A

large number of units used for the storage and sale of counterfeit goods were identified as trading from this land.

- 3.2 Working closely with colleagues in Legal Services it was identified that action could be taken against those head lessees if they were found to be tolerating counterfeit activity. Notices were served under s.146 of the Law of Property Act 1925, outlining covenants within the lease which the Council considered the tenant or sub-tenant(s) to be in breach of.
- 3.3 The tenants were allowed 7 days to remedy the breach, and instructed to cease the storage and sale of counterfeit goods from the premises. Thorough checks then followed to determine whether the breach has been remedied. Where a breach is not remedied, the units can then be 'peaceably re-entered' by MCC, the locks to all units changed and the property effectively forfeited.
- 3.4 This approach has proved to be extremely successful. All those units trading in counterfeit goods from the freehold land identified have been served with s146 Notices, and all have now been complied with. In total, 43 separate units have been disrupted or closed. Regular checks and intelligence gathering are in place to ensure that this remains the case in the future.

#### **4.0 Enforcement Focus Moving Forwards**

- 4.1 Following the success of the use of corporate landlord powers, the Strangeways Operational Group has now shifted its focus to those privately owned premises where the trade in counterfeit goods is permitted.
- 4.2 Aside from traditional Trade Mark offences, businesses and landlords involved with these premises could be committing a range of other offences including profiting from the proceeds of crime, facilitating organised crime and the employment of illegal immigrants. There are also concerns regarding possible links to modern slavery and human trafficking.
- 4.3 A recent joint GMP and Trading Standards operation in May 2017 resulted in 4 successful raids at business premises, storage units and a domestic address. It is estimated that over £8 million worth of counterfeit goods were seized during this operation, as well as over £260,000 in cash. A criminal investigation is ongoing in relation to this work.
- 4.4 TM Eye, a private company who carries out criminal prosecutions for Trade Mark offences, has also had in excess of 30 successful private prosecutions against persons found to be selling counterfeit goods in the area. Sentences have ranged from fines and community orders, to custodial sentences for repeat offenders.
- 4.5 The Strangeways Operational Group will continue to work together, using any enforcement tools available to disrupt, challenge and drive out the trade in counterfeit goods from the area. Availability of resources will always be a concern, however, through working in partnership, particularly with the private

sector, we are developing the skills and methods to maximise the impact of our work.

## **5.0 The Market in Counterfeit Goods - Consumers**

- 5.1 Despite successes to date, the Strangeways area continues to attract a plentiful supply of local, national and even international customers attending the area to purchase counterfeit goods. The area itself is unattractive and has a generally intimidating feel despite regular enforcement activity. Shopping within these units can be dangerous as on several occasions customers have been locked inside units, for hours at a time, when illegal businesses have closed their shutters in an effort to obstruct enforcement agencies.
- 5.2 Unfortunately none of this activity seems to prevent customers from visiting the area, and public opinion often seems to lean towards counterfeiting being a victimless crime.
- 5.3 Further work is needed to dissuade the public from visiting the area to buy counterfeit goods and help them understand that aside from the serious safety concerns relating to counterfeit electrical items, cosmetics and medicines, the damage to the economy through unpaid taxes and potentially funding Organised Crime Groups has serious and real consequences for the public at large.

## **6.0 Environmental Issues**

- 6.1 Bury New Road and the surrounding streets forms part of an important arterial route into and out of Manchester City Centre, serving as a link to high profile destinations and landmarks such as Manchester Arena, the Green Quarter, Victoria Station, HMP Strangeways, hotels, and large wholesale and retail businesses.
- 6.2 The area suffers from very poor environmental standards, and alongside their contribution to the Strangeways Operational Group, the North Neighbourhood Team has also established a Cheetham Environmental Action Group to address specific concerns and complaints about littering and fly-tipping in the Cheetham ward.
- 6.3 In relation to the Bury New Road/ Strangeways area, the North Compliance Team carries out regular proactive visits and is currently working through visits to the business premises, checking on waste contract arrangements. To date the team has visited 90 businesses, and issued 40 warnings / 17 enforcement actions.
- 6.4 Officers have also developed a "No Fly-tipping" campaign for Bury New Road area which was launched in August 2017.
- 6.5 Despite the work being carried out, there are still major challenges to keeping the Bury New Road area clean and tidy. Biffa agreed to review its street

cleaning schedule in 2017, and some additional resource has been deployed to the area.

- 6.6 Since this new arrangement was implemented there have been significant improvements, however this was not a sustainable resource and work is ongoing to seek additional funding.

## **7.0 Recommendations**

- 7.1 That the committee note ongoing efforts to disrupt the counterfeit trade in the Strangeways area of Manchester.
- 7.2 That the committee comment on the approach to work in the area.