

**Manchester City Council
Report for Information**

Report to: Neighbourhoods and Environment Scrutiny Committee – 17 July 2019

Subject: Update on work to tackle counterfeit activity and environmental issues in the Strangeways area

Report of: Strategic Director of Neighbourhoods

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 3 years, to disrupt and ultimately remove illegal businesses from the area and improve compliance with waste regulations.

Recommendations

To note the progress made and provide comment on further planned work.

Wards Affected: Cheetham

Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
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 desirability of the area as a place to live, visit and work.
A connected city: world class infrastructure and connectivity to drive growth	The Strangeways area is on one of the main routes into the City Centre and both environmental and parking issues create a negative feel along this route making it undesirable to use

Contact Officers:

Name: Fiona Sharkey
 Position: Strategic Lead, Community Safety, Compliance and Enforcement
 Telephone: 07767417235
 E-mail: f.sharkey@manchester.gov.uk

Name: Breige Cobane
 Position: Neighbourhood Manager
 Telephone: 07852344795
 E-mail: b.cobane@manchester.gov.uk

Name: Mark Warmisham
 Position: Neighbourhood Manager
 Telephone: 07940752095
 E-mail: m.warmisham@manchester.gov.uk

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>

Strangeways - Tackling Counterfeit Activity and Environmental Issues
 Report to Neighbourhoods and Environment Scrutiny Committee, 6 Sept 2017

https://secure.manchester.gov.uk/meetings/meeting/3034/neighbourhoods_and_environment_scrutiny_committee

1.0 Introduction

- 1.1 In September 2017 Neighbourhoods and Environment Scrutiny Committee received a report outlining the work of Manchester Trading Standards, Greater Manchester Police, 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 the Strangeways area.

This report provides an update on further progress to date.

2.0 Background

- 2.1 Days and weeks of action had previously been carried out by enforcement agencies on a regular basis. Despite successful raids, large seizures of goods and prosecutions this type of action did not significantly impact on the prevalence of counterfeit activity in the area. It was recognised that an alternative approach was needed to achieve a more lasting outcome.
- 2.2 The Strangeways Operational Group formed in 2016, and brought together a range of enforcement agencies and brand protection partners to tackle and remove counterfeit traders from the Strangeways area.
- 2.3 Corporate landlord powers have been used to good effect. 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.
- 2.4 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 and requiring this to be remedied.
- 2.5 This approach has proved to be extremely successful. All those units trading in counterfeit goods from the freehold land identified have now been removed. In total, **43 separate units have been closed**. Regular checks and intelligence gathering are in place to ensure that this remains the case.

3.0 Privately Owned Premises and Closure Orders

- 3.1 The Strangeways Operational Group now have a focus on those privately owned premises allowing the trade of counterfeit goods.
- 3.2 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.

- 3.3 Warning letters are now being issued to premises owners where it is clear that counterfeit goods are being sold. Trading Standards then engage with owners to ensure they are aware of ongoing activities and their responsibilities as landlords.
- 3.4 To date warning letters have been issued to the owners of 52 premises and as a result 32 premises are no longer trading in counterfeit goods. As many of these premises contained multiple trading units we estimate this amounts to approximately 84 separate units that have ceased trading in counterfeit goods so far.
- 3.5 Where building owners fail to respond to warnings about the use of their premises, investigations are carried out by the Anti-Social Behaviour Action Team in relation to ongoing criminality and nuisance in the area. This has led to one premises comprised of **3 separate retail units being subject to a Closure Order for 3 months**. The Closure Order has now ended and as a result of the action taken the previous tenant has now been evicted and the property is no longer used for the sale of counterfeit goods.
- 3.6 Since the last scrutiny report in September 2017, Trading Standards have also carried out 16 separate seizures of counterfeit goods in the Strangeways area, amounting to over 300,000 individual counterfeit items being seized. This has resulted in two successful prosecutions against companies and 9 ongoing investigations.

4.0 Private Prosecutions

- 4.1 Alongside this work, TM Eye, a private company, have carried out **81 successful private prosecutions** since June 2015 against persons found to be selling counterfeit goods in the area. Sentences have ranged from fines and community orders, to custodial sentences of up to 12 weeks for repeat offenders. A further 13 cases are currently listed at Court.
- 4.2 This work helps to bolster enforcement in the area by taking action against those operating within the retail units, provides evidence for warrants and evidence to property owners of the illegal activities taking place in their premises.

5.0 Neighbourhood Compliance and Waste Enforcement

- 5.1 Neighbourhood Compliance Officers observed that waste generated by commercial properties was accumulating as fly-tipping. From July 2017 – February 2018 Compliance officers completed a project in which 104 properties in the Strangeways area were visited. Officers found 43% had waste contracts and 21 premises had closed down (some following GMP and Trading Standards raids).

- 5.2 Twenty-three notices were served under s34 of the Environmental Protection Act 1990 requiring businesses to comply with their duty of care to dispose of waste appropriately and provide waste transfer notes. All notices were complied with.
- 5.3 Harris Street in particular was targeted as a problem area generating a high number of requests for service. From Nov 2016 to Oct 2017 the team received 23 complaints about waste. Following the project, between Nov 2017 to Oct 2018, only 3 requests for service were received on this street.
- 5.4 Fly tipping reports have been decreasing across Strangeways with a noticeable reduction during the project. There has been a reduction of 55% in the number of Commercial Waste complaints since November 2017 to date and periodic monitoring of the location is in place.

Chart 1 - Requests for service

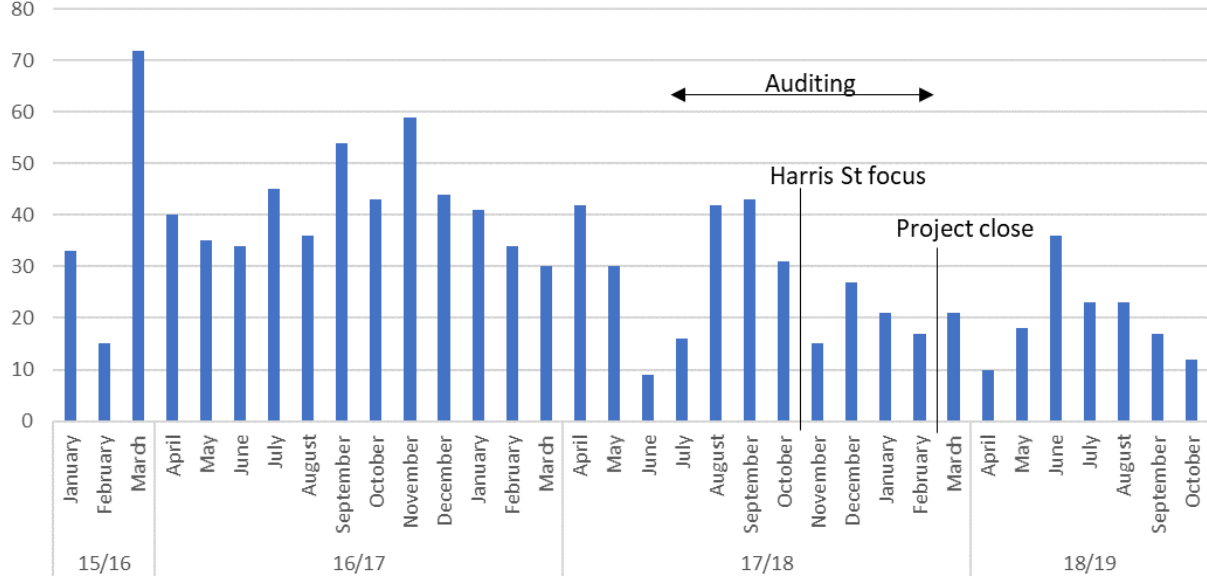
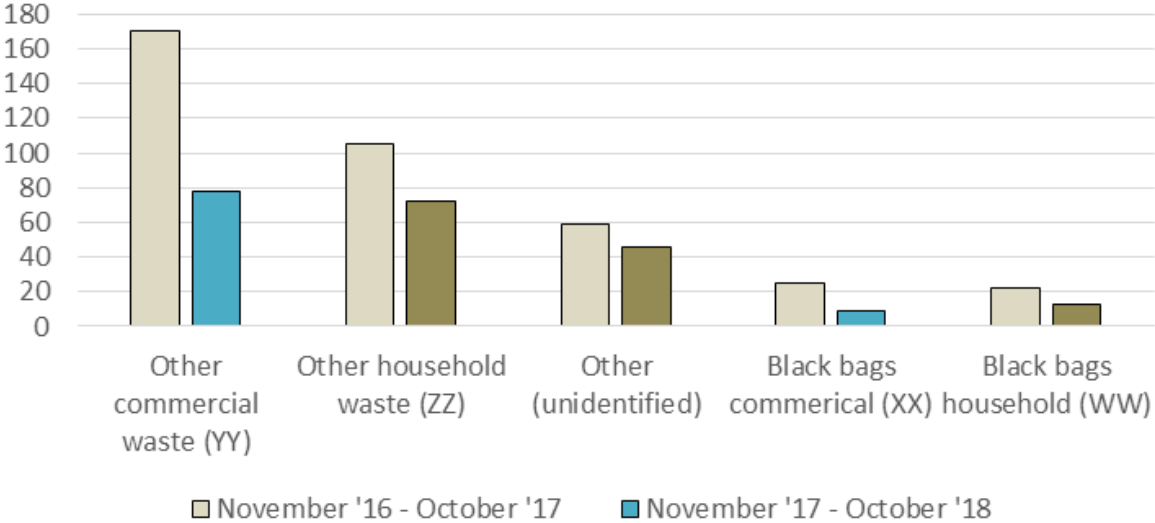


Chart 2 - Requests for service by type



5.5 Neighbourhood Compliance activities continue in the Strangeways area, with a current focus on Broughton Street where officers are ensuring all business have waste contracts in place. One of the main issues in the area is cardboard left on the highway. The Biffa investigation crew flag where this is an issue and refer through to Neighbourhood Compliance for further visits and enforcement action. Over the past 12 months, 47 enforcement notices have been served as a direct result of this specific focus on businesses along Broughton Street.

5.6 There are also many small plots of land hidden behind and in between premises and in the centre of buildings where waste issues need to be addressed and work on this has begun.

5.7 One common theme when engaging with business owners is a lack of use of the "my account" facility and reporting of issues to the North Compliance Team. Officers from the Neighbourhood Team and Compliance team have arranged joint visits to provide details to business owners on how to address this. Officers will also encourage a business forum to be established so closer partnership working can be put in place.

5.8 Challenges remain in identifying some business owners and maintaining consistent standards in the area.

6.0 Neighbourhood Team - Business and Community Engagement

6.1 The North Neighbourhood Team carried out a community clean up on Saturday 13 April 2019 as part of Keep Britain Tidy campaign and led by Prestwich Litter Pickers. Volunteers from Manchester, Salford and Bury joined and helped to clean up the area on Bury New Road. 100 bags of waste were collected. Support was provided by Greater Manchester Police, Biffa, and Travelodge.

- 6.2 The North Neighbourhood Team aim to support more events like this during 2019 to keep a focus on improving the street cleanliness of the area.
- 6.3 The team has also recently objected to street trading licence applications on Howard Street and Bury New Road where there has been concern that street trading could add to current problems around waste management and anti-social behaviour. Options to address street trading in the area are being explored.
- 6.4 The Strangeways area continues to be a priority and a challenge for the Cheetham ward and the North Neighbourhood Team. The team have welcomed continued support and focus on the area and support any additional resources that can be given to the Strangeways Operational Group to address the ongoing complex issues it presents.

7.0 Future Enforcement Work

- 7.1 As a result of successful funding bids by the Trading Standards service to the Controlling Migration Fund, a Senior Investigating Officer (SIO) from GMP has now been appointed for 12 months, to assist in the coordination and development of complex Trade Mark cases where action could also be taken using Proceeds of Crime powers. This may enable the seizure and forfeiture of assets gained through criminal activity.
- 7.2 Trading Standards and the SIO are also exploring further funding opportunities to bolster the current resource dedicated to these investigations.
- 7.3 A recent workshop has been held with a range of enforcement agencies, to discuss progress made so far and to identify further areas of work. Officers from the City Council and GMP are working together to develop a Gold Strategy for the area, providing senior leadership and governance to ensure that progress continues.
- 7.4 The Gold Strategy will also promote improved communication on both progress to date and information to consumers to dissuade them from buying counterfeit goods, and the future use of properties when illegal counterfeit traders are removed.
- 7.5 Investigations are also taking place into alternative uses for counterfeit goods seized as part of the raids on premises. In other parts of the country a Community Shop founder has developed a successful model to repurpose and sell seized counterfeit goods which have had all labelling removed, while also offering valuable training and employment opportunities to vulnerable groups. This may be an approach that could be replicated in Manchester.

8.0 Recommendation

- 8.1 To note progress made in the removal of **127 counterfeit traders** from the Strangeways area; the continued execution of raids and subsequent prosecutions carried out; the appointment of an externally funded SIO within

GMP to assist with complex investigations and the commitment to develop a shared Gold Strategy between GMP and the Council to ensure that the partnership continues to make progress in this area.