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Dear Abena

CRIMINALITY, ILLICIT TOBACCO AND THE UNDERMINING OF THE HIGH STREET RENNAISANCE

I am writing to you as a member of the Housing, Communities and Local Government committee given your current inquiry into the Revitalising High Streets.

Although I appreciate that the deadline to submit evidence has now passed, I thought it was still important to the work of the Committee to share a report that we published last month from Professor Emmeline Taylor alongside FoI data on woeful levels of enforcement activity in England and YouGov polling which together lays bare how Britain's high streets are being driven by criminality not honest competition.

Illicit tobacco sales and the brazen trade in stolen or counterfeit goods are met with no effective enforcement locally or nationally, undermining legitimate and threaten the Prime Minister's ambition for high street regeneration and renaissance.

Professor Taylor's new White Paper, "Legitimate High Street Framework" commissioned by Co-op, highlights the importance of Government and Local Authorities focusing attention on disrupting organised crime networks that are active in many UK towns. Crime doesn't just exploit declining high streets, it can kickstart and accelerate their decline, and where there are no meaningful consequences, or limited sanctions, these rogue businesses simply relocate, change their name and open up a few doors down.

One of the clearest examples of how organised crime is undermining the legitimacy of the high street is the Illicit tobacco trade in the UK, which is growing at an alarming rate, with official estimates from HMRC appearing to understate the size of the problem given the economics of illegal cigarettes, the operational data and the actions of the public.

Indeed, a new YouGov survey, commissioned by Co-op reveals that nearly **40% of UK smokers have bought illicit cigarettes, either smuggled or counterfeit. Recent, undercover Co-op exercises targeting seemingly 'legitimate' shops found 75% of them were selling illegal tobacco with an average price of just £5 a pack and the highest price of only £8.**

The UK is Europe's second largest illicit cigarette market and it is clear that seemingly legitimate businesses are selling illegal cigarettes under the guise of convenience stores, barbers, vape shops. YouGov polling shows that half of those who bought illegal cigarettes did so from an independent corner shop or supermarket.

Yet, Freedom of Information requests submitted by Co-op reveal local councils in England are woefully absent in tackling these criminals but that when action is taken the scale of the problem is clear.

The FOI's revealed that on average, **councils visit just four shops a month to investigate the sale of illegal cigarettes but when they do visit, they find illegal cigarettes nearly 50% of the time and in large quantities with the average seizure amounting to 8,000 cigarettes**. Nonetheless, such are the low levels of activity that councils are seizing the equivalent of just one illegal cigarette per resident over three years.

Activity varies massively by location and two thirds of seizures and over 75% of confiscated illegal cigarettes were undertaken by just 25% of local councils, which begs the question what are the remaining 75% of councils doing? Regional variation is even starker, with trading standards offices in Yorkshire and the Humber seizing ten times the number of cigarettes per resident, than their counterparts in London.

However, even where action is taken and illegal cigarettes are seized the potential impact is being lost as powers are not used. Closure notices and orders provide local councils and trading standards with certain powers, but they are not being used while the use of the HMRC Tobacco Track and Trace (TT&T) system, which can bring significant fines to those selling illegal cigarettes, is significantly underutilised.

The **Co-op's FoI showed that 122 councils made less than 500 TT&T referrals from more than 8,200 seizures in total; less than 6% of seizures were referred. Moreover, the vast majority of these referrals (75%) were reported by just 15 councils and more than half of the councils reporting no referrals to Track and Trace**.

Of course, we are all aware of the harms related to smoking, but counterfeit cigarettes present even greater risks due to their unregulated nature, which is something that 67% of public, according to the YouGov poll, know full well. Yet HMRC were unable, in recent answers to Parliamentary Questions, to provide any estimate of how much of the illegal cigarette market is made up of counterfeit product because they do not test the illegal cigarettes they seize.

Indeed, **HMRC were unable to provide any meaningful data on the illicit cigarette market in answers to Parliamentary Questions**. As a former officer of HM Customs and Excise and HMRC Director who personally led the then Government's first Tackling Tobacco Smuggling strategy between 2000 and 2006, I find this remarkable but also profoundly worrying.

The evidence the Co-op have brought together shows how shadow and illicit economies are shaping the face of high streets up and down the UK, creating an unsafe environment, impacting legitimate businesses and communities.

We need Government and local authorities to invest more time, money and effort into fighting the illicit tobacco trade which is growing to unprecedented levels. We welcome the £30m committed by the Government on this issue but the scale of the problem revealed by the Government's own data and the Co-op's activity means it is not enough. Increased investment now will reap long term benefits, not only to the public purse, but to drive social and commercial benefits of thriving high streets and communities"

As Professor Taylor's Legitimate High Street Framework is a criminology-informed approach to providing a coherent framework for protecting lawful enterprise, disrupting organised crime and restoring confidence. We urge Government to take seriously her recommendations and act quickly.

We would, of course, be happy to brief you further on this issue and share the detailed data that we have gathered with you.

PAUL GERRARD
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THE CO-OP