

At a meeting of the MANAGEMENT SCRUTINY COMMITTEE held in the CIVIC CENTRE on THURSDAY, 15TH MARCH, 2012 at 5.30 p.m.

Present:-

Councillor Tate in the Chair

Councillors G. Miller, Mordey, Walker, S. Watson, Wilson and Wood.

Welcome

The Chairman welcomed everyone to the meeting and advised that Councillor Rolph was convalescing at home after surgery. He advised that he had been asked to convey Councillor Rolph's thanks to the Committee for the cards and good wishes Members of the Committee had sent to her.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Oliver and Rolph.

Minutes of the Last Meeting of the Committee held on 16th February, 2012

(i) Welfare Reform – Presentation

Councillor Miller commented that the Committee had asked a number of questions at the meeting in relation to Welfare Reform data and impacts and expressed his dissatisfaction that this information remained outstanding one month later.

Mr. Nigel Cummings, Scrutiny Officer advised the Committee that Ms. Fiona Brown, Head of Transactional Services had advised that further drilling down into the analysis was required and that once this was received from the Intelligence Hub she would circulate a paper to all Members of the Scrutiny Committee.

Mr. Cummings added that he would pass on Councillor Miller's comments to Ms. Brown.

1. RESOLVED that the minutes of the last meeting of the Committee held on 16th February, 2012 (copy circulated), be confirmed and signed as a correct record subject to the removal from the 'Apologies for Absence' of the names of Councillors S. Watson and Wilson and the addition of Councillor Rolph.

Declarations of Interest (including Whipping Declarations)

There were no interests declared.

Policy Development and Review 2011/12: Progress on Reviews

The Chief Executive submitted a report (copy circulated) providing Members with an update on the progress in relation to the two policy reviews being undertaken by the Management Scrutiny Committee into self regulation and illegal money lending respectively.

(For copy report – see original minutes).

Mr. Nigel Cummings, Scrutiny Officer briefed the Committee on the report highlighting the final self regulation workshop which took place on 5th March. Mr. Cummings referred the Committee to Appendix 1 of the report, the interim report from the Centre for Public Scrutiny (CfPS), 'Accountability Works for You'. The research document set out the Centre's vision for accountability, transparency and involvement in the delivery of public services and had helped to develop a framework to help organisations going through significant organisational change, to evaluate and improve their governance arrangements.

Councillor G. Miller expressed his disappointment that the pilots did not include a Council similar to Sunderland City Council and commented that as such the results of the pilots were of limited benefit.

The Chairman asked that the above comments be fed back to the CfPS.

Mr. Cummings proceeded to update the Committee on the policy review on illegal money lending and drew attention to the comments received from the Sunderland MPs.

Members commented positively on the Shontal performance which had been very powerful and illustrated the dangers of borrowing from a loan shark.

The Chairman asked that the congratulations of the Committee be conveyed to the production company on bringing home the message about the dangers of using illegal money lenders.

Mr. Cummings advised that Councillor Rolph had asked that a report be submitted to the Committee on how the Council intends to administer the Social Fund if and when it is devolved to the Local Authority to include information as to whether it was known yet how much this would be and whether it would be ring fenced.

Full discussion having taken place on the report it was:-

2. RESOLVED that:-

- (i) the information in the report is noted;
- (ii) the comments outlined above concerning the pilots undertaken by the CfPS be fed back to the Centre;
- (iii) the congratulations of the Committee as detailed above be conveyed to the Shontal Production Company;
- (iv) the final draft policy review reports be circulated to Members for comment prior to discussion at the next meeting in April 2012; and
- (v) a report be submitted to the Committee on the Social Fund as detailed above.

Centre for Public Scrutiny Parliamentary Seminar

The Chief Executive submitted a report (copy circulated) advising that feedback would be provided from the delegate who attended the Centre for Public Scrutiny Parliamentary Seminar held on 14th February, 2012 at the meeting.

(For copy report – see original minutes).

Councillor Mordey advised that the Seminar had been very worthwhile and had provided an opportunity to share best practice. It was evident that Scrutiny in Sunderland City Council was a lot more developed than in some Authorities. The second part of the Seminar had focused on the development of chairing skills. Unfortunately he had not had the opportunity of seeing a Parliamentary Scrutiny Committee in operation. Councillor Mordey encouraged Members to attend future Seminars if the opportunity arose.

Mr. Nigel Cummings, Scrutiny Officer advised that he would check the dates for future Seminars and circulate them to all Members of the Committee.

3. RESOLVED that the feedback on the Seminar be received and noted.

Scrutiny Committees Work Programmes for 2011-12

The Chief Executive submitted a report (copy circulated) attaching for Members' information the variations to the Scrutiny Committee work programmes for 2011/12 and providing an opportunity to review the Committee's own work programme for 2011/12.

(For copy report – see original minutes).

The respective Chairmen of the Scrutiny Committees who were present each briefed the meeting on the work their Scrutiny Committees had undertaken over the course of the year.

Councillor Wood commented that he had enjoyed participating in the Management Committee policy review work and in particular the policy review on illegal money lending. He hoped the policy review would result in something constructive in terms of helping people not to become victims of illegal money lenders.

The Chairman thanked everyone for their update.

4. RESOLVED that the variations to the Scrutiny Committees Work Programmes for 2011-12 and to its own work programme as detailed on appendices 1 and 2 to the report be noted.

Forward Plan – Key Decisions for the Period 1st March 2012 – 30th June 2012

The Chief Executive submitted a report (copy circulated) providing Members with an opportunity to consider those items on the Executive's Forward Plan for the period 1st March 2012 – 30th June 2012 which relate to the Management Scrutiny Committee

(For copy report – see original minutes).

5. RESOLVED that the Executive's Forward Plan for the above period be received and noted.

The Chairman closed the meeting having thanked Members and Officers for their attendance.

(Signed) R.D. TATE,
Chairman.

POLICY DEVELOPMENT & REVIEW 2011/12: DRAFT FINAL REPORT

LINK TO WORK PROGRAMME: POLICY DEVELOPMENT & REVIEW

Report of the Chief Executive

1. Why has this report come to committee?

- 1.1 The report provides Members of the committee with the final draft report from the evidence gathered in relation to this year's policy review on illegal money lending and high-cost credit.
- 1.2 The review report presents in detail the evidence, research and conclusions drawn throughout the review process and recommendations arising from this evidence gathering. Members are asked to give consideration to the final report and the recommendations of the policy review.

2. Background

- 2.1 At its meeting on 14th July, 2011 following discussions that had taken place at the Cabinet meeting held on 22nd June 2011 the Committee considered the possibility of a study into the effects on communities of high interest money lenders and illegal loan sharks.
- 2.2 The review came at an important time in light of the work being conducted in Sunderland with national illegal money lending team. The Committee used its skills and expertise to stimulate engagement and dialogue to develop themes presented during their evidence gathering procedures.

3. The Draft Final Report

- 3.1 The draft final report on At What Cost? The Effects of High-Cost Credit and Illegal Loan Sharks on Communities is attached as an appendix to this report and presents members with the facts and evidence that have been gathered throughout the review process. As part of the review process evidence was obtained from a variety of national, regional and local key witnesses and stakeholders.
- 3.2 The report is divided into a number of sections which provide the background information to the review, how the review was carried out and the findings and conclusions from the review process. The findings from the review reflect the following as follows:
 - UK Debt; Facts and Figures
 - The types of loans and borrowing available to local people
 - High-Cost Credit
 - The office of fair trading review high-cost consumer credit
 - The impact of high-cost credit on local communities

- Illegal Money Lending
- The impact of illegal money lending on individuals and communities
- Alternative support and provision.

3.3 Members are asked to read the report and comment on the content with particular reference to the recommendations arising from the evidence gathered and presented in the report. Members may wish to amend the report for purposes of accuracy, clarity or relevance to ensure the report is a true reflection of the work undertaken.

4. Conclusion

4.1 The Management Scrutiny Committee are presented with a final draft copy of the policy review document for comment and amendment with the aim of producing a final report for presentation and approval by Cabinet.

5. Recommendation

5.1 That the Management Scrutiny Committee provide comments on the final draft report and that any agreed amendments are made.

5.2 That consideration is given to the recommendations contained in the final draft report.

5.3 That the agreed final report is presented to the Cabinet for approval at its June 2012 meeting.

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**Management Scrutiny Committee
Policy Review 2011 – 2012**

**At What Cost? The Effects of High-Cost Credit and Illegal Loan Sharks
on Local Communities**

Draft Report

Contents

1	Foreword from the Chairman of the Committee.....	2
2	Introduction.....	3
3	Aim of Review.....	3
4	Terms of Reference.....	3
5	Membership of the Committee.....	3
6	Methods of Investigation.....	3
7	Findings of the Review	5
8	Conclusions	22
9	Recommendations.....	25
10	Acknowledgments.....	26
11	Background Papers.....	26
	Appendix 1 – Month of Action.....	27

1 Foreword from the Chairman of the Committee

It gives me great pleasure to be able to introduce the Management Scrutiny Committee's policy review on illegal loan sharks and high-cost credit.

People borrow money every day from small common transactions for everyday living through to large sums for homes, cars and other expensive items. The majority of people will use fairly conventional means to borrow money such as credit cards, personal loans and mortgages, but there is an increasing trend towards high-cost credit and unlicensed lenders.



High-cost credit or payday loans have had a meteoric rise to prominence and are now very much in the consciousness of everyday people. They have a visible presence on the high street and in town centres as well as a prominent media profile through newspapers, TV and radio adverts. Many people see this type of loan as quick, convenient and hassle-free and for many, this is the case providing a quick fix in a crisis or helping to bridge a gap between paydays. However, this is not the situation for all and an increasing number of people are falling into serious debt as a result of falling behind with the payments and the crippling APR's of such loans.

There has been a lot of media coverage around payday loans and the tactics of these companies in targeting particular groups of people and rolling over loans when such individuals fall into further difficulties. It is as a result of pressure from MPs and this intense media spotlight that the Office of Fair Trading (OFT) has launched a review into 50 payday loan companies investigating if they are in fact deliberately targeting vulnerable people.

Loan sharks are the last resort for those who often see no way out of their ever deepening financial situation. They operate without a license from the OFT and therefore illegally provide money to people. Many loan sharks use techniques of intimidation, psychological threats and violence to exert control over their victims, and this can escalate to victims being involved in drug dealing, theft and prostitution to supplement payments to the loan shark. It is perhaps surprising then to learn that many victims initially view the loan shark as a friend or are recommended to them by one of their own friends.

The committee has gathered a wide range of views and evidence in undertaking this piece of work and is delighted that the Illegal Money Lending Team is working in Sunderland. This team together with key partners from across the city is looking to gather information and intelligence from communities and individuals that will lead to prosecutions, prison sentences and ultimately the removal of loan sharks from Sunderland.

Finally I would like to thank my colleagues on the Management Scrutiny Committee and all the officers and witnesses who have contributed to this piece of work. The issue is not going to go away, but if we as a council can work with our partners and other agencies we can provide viable options for people to make better informed choices about their own financial situation.

A handwritten signature in black ink, which appears to be 'D. Tate'. The signature is written in a cursive style and is enclosed within a hand-drawn oval shape.

Councillor David Tate, Chair of the Management Scrutiny Committee

2 Introduction

- 2.1 At its meeting on 14th July, 2011 following discussions that had taken place at the Cabinet meeting held on 22nd June 2011 the Committee considered the possibility of a study into the effects on communities of high interest money lenders and illegal loan sharks.

3 Aim of the Review

- 3.1 To look at the various means by which people borrow money and the effects this can have on their lives and the wider communities in which they live.

4 Terms of Reference

- 4.1 The title of the review was agreed as 'At What Cost? The effects of high-cost credit and illegal money lending on local communities and its terms of reference were agreed as:

- (a) To identify and understand the types of money lenders available to people living within Sunderland;
- (b) To investigate and identify the overall levels of debt, the levels of interest charged and some of the selling techniques employed by money lenders;
- (c) To explore the issues that members of the public face in relation to debt and the impact that money lending can have on individuals and communities as a whole, and;
- (d) To look at examples of good practice from across the region and country in relation to the policy review.

5 Membership of the Committee

- 5.1 The membership of the Management Scrutiny Committee during the Municipal Year is outlined below:

Cllrs David Tate (Chair), Kath Rolph (Vice-Chair), Florence Anderson, Graeme Miller, Michael Mordey, Robert Oliver, Paul Stewart, Peter Walker, Susan Watson, Amy Wilson and Peter Wood.

6 Methods of Investigation

- 6.1 The approach to this work included a range of research methods namely:

- (a) Desktop Research;
- (b) Use of secondary research e.g. surveys, questionnaires;
- (c) Evidence presented by key stakeholders;
- (d) Evidence from members of the public at meetings or focus groups; and,
- (e) Site Visits.

- 6.2 Throughout the course of the review process the committee gathered evidence from a number of key witnesses including:

- (a) Tony Quigley – Head of the Illegal Money Lending Team (England)
- (b) Richard Reading – Principal Trading Standards Officer
- (c) Joan Reed – Strategic Change Manager
- (d) Alan Caddick – Head of Housing
- (e) Liz St Louis – Head of Customer Service and Development
- (f) Justin Collins – Mortgage Rescue Officer
- (g) Theresa Finch – Christians Against Poverty UK
- (h) Gavin Hennessey – Bridges Community Bank
- (i) Dorothy Gardner – Sunderland MIND
- (j) Malcolm Hays – Hays Credit
- (k) Neil Gillespie – Hays Credit
- (l) Peter Kenyon – Ramsdens Financial Ltd
- (m) Pallion Action Group
- (n) Shiney Advice and Resource Project

6.3 All statements in this report are made based on information received from more than one source, unless it is clarified in the text that it is an individual view. Opinions held by a small number of people may or may not be representative of others' views but are worthy of consideration nevertheless.

7 Findings of the Review

Findings relate to the main themes raised during the committee's investigations and evidence gathering.

7.1 UK Debt: The Facts and Figures¹

- 7.1.1 The total UK personal debt at the end of December 2011 stood at £1,451 trillion, with the average household debt being £7,948 (excluding mortgages) and £55,823 (including mortgages).
- 7.1.2 331 people a day, or every 4 minutes 21 seconds, someone will be declared insolvent or bankrupt while every 14 minutes 17 seconds a property is repossessed, meaning banks and building societies are writing off some £15.68m of loans on a daily basis.
- 7.1.3 The Citizen Advice Bureau deals with 8,652 new debt problems each working day and figures released by the Consumer Credit Counselling Service (CCCS) suggest that their average client has to work until 4pm on a Wednesday, each week, just to earn enough money to repay their unsecured debts. The average person contacting CCCS in 2010 owed a total of £22,476 in unsecured debt, and faced a monthly bill of £675.52 simply to meet repayments. This made up an alarming 58% of CCCS clients' average monthly earnings of £1,173.23 after tax.
- 7.1.4 Total credit card debt in December 2011 was £55.8bn. During November 2011 an average of 304 purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association. Furthermore on a daily basis, purchases using plastic cards were worth £1.252bn during November.
- 7.1.5 At a focus group Members were informed that Sunderland was typical of many cities across the UK in relation to public borrowing and levels of debt. However it was noted that the North East region was suffering from higher levels of unemployment than the countrywide average. It was also identified that there were a large number of credit sources within the city including 8 traditional pawnbrokers and a number of weekly payment companies such as Brighthouse, Payday loan companies and the Credit Union.
- 7.1.6 In Sunderland the average unsecured debt according to CCCS 2010 figures was £17,772 per individual, slightly below the North East average of £18,254. Breaking this down still further the CCCS identified that male unsecured debt in the region was on average £19,535 with Sunderland males again being slightly below this average with £18,921. The picture is very similar when looking at females with the North East average being £16,910 and Sunderland females having around £16,454 of unsecured debt.
- 7.1.7 The table below shows the debt enquires and amounts of debt handled between September 2010 and August 2011 by first tier contracted advice services in Sunderland. This first tier of contracted advice includes Citizens Advice Sunderland (based in Washington), Sunderland Advice Service (Sunderland North and Sunderland South), Sunderland Advice Project (Sunderland South) and Shiney Advice and Resource Project (Coalfields).

¹ Debt Statistics supplied by Credit Action

Month	No of debt enquiries	Amount of debt handled	Average amount of debt handled
Sept 2010	168	£472,238.75	£2,810.94
Oct 2010	131	£438,343.20	£3,346.13
Nov 2010	154	£333,419.50	£2,165.06
Dec 2010	119	£285,676.97	£2,400.65
Jan 2011	225	£1,195,191.68	£5,311.96
Feb 2011	201	£1,494,503.90	£7,435.34
March 2011	233	£1,302,262.63	£5,589.11
Apr 2011	105	£532,192.91	£5,068.50
May 2011	139	£884,722.12	£6,364.91
June 2011	169	£635,271.70	£3,759.00
July 2011	139	£659,900.00	£4,747.48
Aug 2011	131	£779,087.78	£5,947.23
Total	1,914	£9,012,811.14	£4,708.89

Figure 1: Debt Enquires to First Tier Contracted Advice Services in Sunderland
Source: Sunderland City Council

7.2 The Types of Loans and Borrowing available to Local People

7.2.1 Members recognised that there were a number of ways in which people can borrow money for the short, medium and long term and these are often dependent on a person's credit history, employment and risk to the lender. In order to gain a better understanding of the credit scene Members identified the principle routes for potential borrowers.

7.2.2 *Personal Loans*

Personal loans are clearly more suitable for borrowing larger sums of money over a longer term. Costs can vary across lenders and may depend on if the loan is secured or unsecured. Secured loans are borrowed against an asset such as a home or car, meaning if the person is unable to repay the loan, the lender can sell the asset to recoup their investment. You may be charged less interest on a secured loan but there may be extra fees. Unsecured Loans do not require such a guarantee but there is still a legal obligation to repay the loan. The lender can take court action to get recoup funds, and this could involve substantial costs and ultimately affect an individual's credit rating.

7.2.3 *Credit Unions*

Credit unions are owned and run by their members, for their members. Some credit unions may lend to individuals as soon as they become a member, while others will lend once an individual has shown the credit union that they are able to save regularly. The APR on their loans is capped by law at 26.8%, and they often charge much lower interest rates on loans than other lenders.

7.2.4 *Home Credit (Doorstep Lenders)*

Home credit, or a doorstep loan, is where an individual borrows money and the lender calls at their home to collect the repayments. The loans are usually for smaller amounts but can be charged at a high rate of interest for borrowing in this way. The law states that home credit lenders have to be licensed by the Office of Fair Trading (OFT). If someone is offering to lend money on the doorstep they must have a lender's licence or other authorisation, if they do not, then they are operating illegally.

7.2.5 *Social Fund Loans*

Certain benefits entitle a person to help from the Social Fund for one-off expenses. Pay back of the loan is still required but there are no interest charges. These usually take the form of a crisis loan to help with an emergency, or a budgeting loan to help with vital costs like food and clothing or funeral payments.

7.2.6 *Payday Loans*

A payday loan is a cash advance that is loaned over a short period of time, usually until the next payday. Each year some 1.2 million people in the UK resort to payday loans as a temporary means of getting by and a total of £1.2 billion is borrowed in the form of such loans every year. Taking out a payday loan is meant to be a temporary measure. Short term loans that are not paid back in time will accrue huge interest rates, and debts can quickly spiral out of control. Some of the better known payday loan companies charge interest rates of over 2,500% APR. One of the biggest attractions of the payday loan is that anyone can apply for one no matter what credit rating. For most payday loans the only eligibility criteria is to be resident in the UK, over 18 years old, have a job with a regular payday and an active bank account. Other attractions of such products are centered on the convenience and speed of the application process.

7.2.7 *Pawnbrokers²*

The origins of pawnbroking can be traced back over 3,000 years to the Chinese, and the industry as we know it today can be traced back to fifteenth century Italy and the noble Medici family. Pawnbrokers, like banks, earn their income on the interest charged on loans secured by a pledged item. Goods are accepted into pawn following an on-the-spot valuation of goods. The customer and pawnbroker will then agree a sum to be advanced and the pawnbroker presents a completed document known as pre contract information. It allows the customer to confirm that they are happy to accept the terms of the loan, and if this is the case the customer then signs the actual agreement which provides details of their rights and protection under the Consumer Credit Act 1974 as well as the terms and conditions of the loan. The customer also receives as part of the document itself a pawn-receipt for presentation when redeeming the goods. Such agreements are for a minimum period of 6 months and customers have the right to withdraw from the agreement within 14 days as well as making partial or full early repayments.

7.2.8 When the loan and the interest are paid, the goods are returned to the customer. If the customer has not repaid the loan during this time and the loan was over £100 he will receive notice that the property is due to be sold giving him a further statutory period of 14 days in which to redeem. The pawnbroker must obtain the true market value on the date of sale ensuring a fair price is obtained for the customer, with any amount over that due to the pawnbroker going back to the customer. Contrary to popular myth, only where the loan is for less than £75 does the pawnbroker gain title to the goods,

7.2.9 *Rent-to-Buy Retail Credit*

A hire purchase, or rent-to-buy, agreement is a mechanism for borrowing money in order to make a purchase of goods that cannot be afforded outright. A hire purchase agreement is a form of secured loan that gives the lender certain rights over the borrower by their entitlement to repossess the goods in certain circumstances, until the HP agreement has been completed. Hire purchase

² Information supplied by The National Pawnbrokers Association of the UK

agreements are governed by the Consumer Credit Act 1974, and the goods hired are governed by the Supply of Goods (Implied) Act 1973. Some of the biggest high-street names in this area include BrightHouse and CashConverters. With an HP agreement the goods are hired to the borrower for a specified period of time, in which the consumer will have to pay weekly or monthly payments towards the total amount payable. The total amount payable is based on the cash price of the goods, plus interest over the period of the agreement and any additional charges which may be levied on top. The goods remain the property of the lender until the HP agreement has been completed in full.

7.2.10 *Logbook Loans*

Logbook loans are secured on a car or similar vehicle that is in the ownership of the borrower. This means that if a payment is missed, the lender may repossess the vehicle. A 'bill of sale' agreement is signed transferring ownership of the vehicle to the lender. The lender also keeps the registration documents and they own the car until the loan is paid off in full. These types of loans usually have a very high rate of interest (APR typically 300-500%) and are a very risky way to borrow money due to the fact that the lender does not require a court order to repossess the vehicle. Also if the vehicle sells for less than the amount owed on the loan, the remaining balance is still an outstanding debt.

7.2.11 *Illegal Money Lending (Loan Sharks)*

Loan sharks are people who lend money without a licence from the Office of Fair Trading. Loan sharks are often well known in the community and source their customers through word of mouth. As loan sharks are not licensed they operate outside the law and are very likely to offer a loan on very bad terms with extortionate rates of interest, resort to harassment and threats of violence if a borrower gets behind with repayments and will apply pressure into borrowing more from them to repay one debt with another. It should not be underestimated that people involved in illegal money lending practices will invariably be involved in other illegal activities too.

7.2.12 It can be seen that there are a number of avenues available to individuals in relation to the borrowing of money which range from the very traditional routes of banks and building societies, through new thriving enterprises including payday loans to the illegal practices of loan sharks. One of the key issues, as this review will highlight, is that for many the traditional and safer routes are often unavailable due to credit history or other circumstances leading many to borrow money from other types of borrowers and take less conventional routes.

7.3 **High-Cost Credit**

7.3.1 The consumer credit landscape has changed significantly in recent years, with the traditional routes of lending through banks and financial institutions being scaled back. According to the Bank of England between 2007 and 2009 the amount of unsecured credit being offered by lenders had declined every quarter and has not picked up.³ However, for high-cost credit the story is very different. High-cost credit has witnessed substantial growth while the more traditional routes have reduced, with some provision continuing to grow through these difficult times. Payday loans have seen the fastest growth, but there has also been growth in home credit providers, pawnbrokers and rent-to-own credit. The latter in particular seems to

³ Bank of England 2011 Credit Conditions Survey: Survey Results Quarter 3

have established a small, but significant position in the provision of credit to low income households⁴.

- 7.3.2 As already reported the rate of personal insolvencies is around four times higher than in 2004, and during 2010 reached an all time high. The growth in personal insolvencies could be mirrored by an increasing number of people who have reached the end of the line in accessing credit through formal, licensed routes. Barnardo's recognised that this problem could get worse once the country begins a sustained economic recovery, as lenders look to pursue debts accumulated when the economy was struggling, similar to previous recessions. One of the key drivers for individuals accessing unlicensed credit is their inability to access traditional routes and licensed credit providers. The best available estimates indicated that 4% of those who are refused credit from elsewhere turn to illegal lenders, and that 82% of those that access unlicensed credit do so because they have no other choice in relation to credit.
- 7.3.3 In speaking with Credit Providers, Members of the Committee discovered that the typical client profile was one of a low income family that was state dependent, with the vast majority living in rented accommodation. The gender split on average being 60% female and 40% male with a typical borrowing sum of between £200 and £300.
- 7.3.4 The credit providers also highlighted the importance of the relationship between their agent and the borrower. Members were informed that typically agents working for the credit provider lived in and around the area that they worked in. Interestingly agents were typically female age between 35 and 65 and worked on a part-time basis. It was also reported that the majority of clients preferred home collection (80-90%) with only a small number coming into the office to pay their weekly amounts.
- 7.3.5 Perhaps one of the most interesting things that members discovered speaking to credit providers, operating in Sunderland, was around their bad debt performance. Hays Credit informed the committee that they rejected on average 85% of new credit applications, and every prospective new client was subject to a credit reference check and home visit. It was noted that the company had a large number of repeat client business. It was also noted that Hays Credit had very minimal default charges and were very receptive to the up and down nature of their client's finances and circumstances. Also the company's local collection agents were in a good position to assess client's individual circumstances. Ramsden's Finance also highlighted the high decline rate of their company and it was noted that 90% of new applicants were declined. Again a lot of the company's business was repeat custom from a trusted client base.
- 7.3.6 Both companies used a simple application form followed by credit reference checks that included checks against bankruptcy and insolvency to confirm the information on the application form. An assessment was then made on the information collected. Members were informed that the process typically took 72hrs, but for existing customers this could be an almost instant decision. The credit providers did stress that there was a greater risk for bigger companies with much higher default rates. Members noted that very often these larger PLC businesses were driven by investors and the necessity to continually increase their customer base and volume of lending.

⁴ A Vicious Cycle 2011: The Heavy Burden of Credit on Low Income Families. Barnardo's

- 7.3.7 With the high decline rate for new credit applications highlighted by the credit providers interviewed there was a concern that this was reducing the options for some borrowers still further leaving them with fewer opportunities. It was perhaps an option that local credit providers when rejecting borrowers could signpost these individuals to the local authority who could then provide advice and guidance on financial issues. In working collaboratively with reputable service providers could help to reduce those borrowers using the higher-end credit providers or resorting to illegal moneylenders. This will not stop borrowers using such means but it could give individuals who are actively looking to borrow money the information to make a more informed choice.
- 7.3.8 Payday loans have emerged as a major source of credit in the UK over the last few years for many people who need money to bridge the gap between one payday and the next. According to research around 55% of payday loan users are under the age of 35 and 60% are not married or cohabitating, with approximately 70% have a household income less than £24,500. It is also interesting to note that the majority of UK payday loan borrowers are based outside of London and the South East of England, with most being in the North of England and Scotland closely matching the income and socio-economic traits of borrowers.
- 7.3.9 Many payday loan borrowers are or have been in debt, with the situation exacerbated by the global financial crisis and recent recession. The banking crisis has also had an effect in two ways on the way people look to borrow money. In the first instance due to the crisis, banks have become more reluctant to lend money and have tightened up their procedures making it more a more difficult and rigorous process to borrow from traditional financial institutions. Secondly the ease and quickness of payday loans are seen by many as their main attraction, and if paid off in time such loans are very often seen as the ideal short-term solution.
- 7.3.10 Research has indicated that many borrowers use payday loans due to this speed and ease but just as much a draw is the anonymity of the process and in particular the on-line access to funds.⁵ In speaking with credit providers it was their view that customers on a low income/budget were generally good with money, through necessity. Members believed in the importance of developing the financial literacy of people and the importance of getting into schools and making young people more financially aware. It was acknowledged that people will make choices about their own financial situations, and as stated many will make the right decisions but it was important to help or facilitate them to make more informed choices. Bridget Phillipson MP also reported that in speaking with constituents they are overwhelmingly in favour of action to regulate, protect and educate people about the risks of high-interest credit. One of the key issues emerging from this review is about how people can be made to think differently about credit, debt and other financial matters.
- 7.3.11 Members recognised that the whole issue was a family learning issue and it was reported that the West Yorkshire Trading Standards team had held workshops with family groups to support people and families in relation to financial awareness. Throughout the evidence gathering for the review it was clearly identifiable that there was a role for the information and guidance that the Council offers to its customers and that it would be important in these financially difficult times to develop our customer services appropriately. It was also felt to be important to consider how the council works in conjunction with the voluntary sector and the

⁵ Keeping the plates spinning: Perceptions of payday loans in Great Britain. Consumer Focus. 2010

wealth of support networks that currently exist. It was suggested that the idea of Sunderland's Trading Standards and Welfare Rights Teams could work jointly to provide some tailored workshops around financial awareness.

7.3.12 The rent-to-own market, as already mentioned, is a sector of steady growth with those relying on such schemes paying high interest rates, as well as the initial product often being higher in price compared to prices available from other retail outlets. In taking a random product of a fridge freezer it is interesting to note that using rent-to-own could potentially cost an individual up to £1,195.44 more than if bought from a major high street retailer. A high street purchase of a Samsung fridge freezer with additional warranty would cost £597.00 outright compared to a rent-to-own purchase which would work out at a maximum £1792.44. This includes the purchase price of £703.29, the cost of credit at £309.15, the optional service care at £546.30 and content cover for the product at £234 for the term of the agreement⁶.

7.4 The Office of Fair Trading - Review into High-Cost Consumer Credit

7.4.1 The Office of Fair Trading (OFT) conducted a review into the high cost credit sector and published their findings in June 2010. This review was launched due to concerns that consumers of high-cost credit, including many on low incomes, suffered from a lack of options when seeking credit, that the price individuals paid for credit was too high, and that the recession had limited suppliers' willingness to lend money. The report identified the high-cost credit sector as consisting of pawnbroking, payday and other short-term small sum loans, home credit and rent-to-buy credit. The report also acknowledged that this was a significant and valuable sector in the economy with loans to consumers totalling £7.5 billion in 2008.

7.4.2 The OFT review highlighted some key features and similarities within the high-cost credit marketplace including consumers need for credit, a limited tendency to search out the most suitable product or option, lower than average levels of income, and poor or no credit history. High cost credit is expensive by its very nature and this is primarily due to the low value of the loan resulting in higher administration costs per loan, high-cost business models and the incidence of missed, late payments and bad debts.

7.4.3 The OFT also concluded that the markets for high-cost credit worked reasonably well due to a number of factors including:

- (a) suppliers met the demand for easier access to their products;
- (b) they filled a gap in the market not served fully by mainstream suppliers;
- (c) the level of complaints from consumers is low; and,
- (d) in some cases lenders show flexibility with repayment difficulties and do not penalise borrowers for missed or late payments.

7.4.4 The review also identified issues with the effectiveness of competition in these markets as follows:

- (a) on the demand side – there is a relatively low ability for consumers to drive competition between suppliers due to their low levels of financial capability;
- (b) on the supply side – there is a limited supply of additional sources of credit particularly from mainstream suppliers; and,

⁶ Prices correct at 28 February 2012

- (c) competition on price is limited and some suppliers appear to be charging higher prices than expected.

7.4.5 The OFT review made recommendations around four major themes as follows:

- (a) help consumers make informed decisions on high-cost credit;
- (b) increase the ability for consumers to build up a documented credit history when using high-cost credit;
- (c) enhance the understanding of developments in the high-cost credit sector; and,
- (d) promote best practice among suppliers of high-cost credit.

7.4.6 The OFT ultimately concluded that, in a number of respects, these markets worked reasonably well. However, it argued that many of the problems in such markets arose from more deep-seated issues, such as weaknesses in the financial capability of consumers, and any recommendations made by the OFT would only make limited differences. The OFT also considered the case for price controls for pawnbroking, payday loans, home credit and rent-to-buy credit and concluded that such measures would not be an appropriate solution to the particular problems found in these high cost credit markets.

7.4.7 The OFT found in its review that competition and greater customer education would force high-cost credit providers to reduce rates but many MP's argue that there is little competition between such lenders. In fact four companies dominate the home credit market with Provident Financial Plc having 70% of the market share⁷. This was endorsed by the Management Scrutiny Committee review which when speaking to Pallion Action Group it was identified that a majority of residents had Provident loans in the area. There was also little evidence that consumer awareness was the problem and research conducted by Church Action on Poverty suggested that people had taken out high-cost loans knowing the risks, but continued regardless because they were unable to get a loan anywhere else.

7.4.8 The OFT review also highlighted that criticising payday loans and doorstep lending based on APR was unfair as annual rates and short-term loan solutions would always look expensive. However it was also argued that a better measure of the cost of credit was the 'total cost of credit', with door-to-door lenders charging £82 for every £100 borrowed. This can be even higher should individuals roll over their borrowing.⁵

7.5 The Impact of High Cost Credit on individuals and Communities

7.5.1 For many the use of payday loans, pawnbrokers or doorstep credit is a very positive experience. Speaking with credit providers it was found that there can be a fairly even split between using such loans out of necessity or for a one-off or luxury purchase. Some people use instant loans for a one-off purchase, (holidays, luxury goods etc) and such consumers can be infrequent or one-off users of such services. However as already highlighted for many people it is difficult to survive to the end of the month on salaries or benefit payments alone and short-term loans can provide that bridge between paydays, and as long as they are paid off in time can be of financial help.

⁷ MP Accountability Network January 2011 Briefing 2: High-Cost Credit

“I have had 3 loans now with this company and I have nothing but praise for them. Great customer service, fast deposits and discrete. I have always paid my loans on time so I can't say what they are like if you fall behind. My opinion is they are great and I would recommend. Thanks very much.”

Payday Loan Customer – Internet Comment

7.5.2 Sadly many people are already facing financial difficulties and such loans are an added strain on their lives, gradually paying more and more as debts increase. Archetypal ‘Alices’ – the asset limited, income-constrained employees are the key target group for short-term, high-cost loan companies. Many consumers can end up in a cycle of having to borrow more and more in order to pay back their existing debt, with some borrowers even accessing loans from several payday companies at the same time, adding to their overall repayment problem. Citizens Advice reports seeing many clients with 5 or 10 loans that they simply are not going to be able to pay back. Lenders are happy to allow loans to roll over from one repayment period to the next with added interest.

7.5.3 The proliferation of payday lenders is also a concern at national level and Sharon Hughes MP reported to the Committee that recent research by R3, a group which represents debt advisers, showed that nearly a third of people who took out payday loans had to get another to pay it off. The research also found that around 3.5 million people in the UK are expected to take one out during the first half of this year.

“A friend of mine has been using payday loans for some time now, it started with a loan of around £100, he doesn't earn a lot and thought he was desperate for the money, he made the repayment as agreed at the end of the month. His low wage and high outgoings meant that he again had to borrow just to survive the month. This continued and is still the case today, every month he pays back he again needs to borrow, due to the high levels of interest the loan amounts had to increase to what is now £600 per month! About 70% of his total monthly income. The interest on this is high and he now finds himself in an impossible cycle that he cannot recover from.”

Payday loan comment - Internet

7.5.3 The impact of this on borrowers can often mean that paying back loans was at the detriment of other debts, leading to default charges and further financial burdens. As well as the obvious financial problems, it can provide individuals with health related issues brought on through emotional stress and anxiety. There can also be an embarrassment factor associated with default payments or taking out repeat or multiple loans. It should be noted that some payday loan companies will resort to a variety of methods in order to get their payments including taking money out of borrowers accounts and contacting clients at their place of employment.

“Had a loan with this company and when I fell into financial difficulty I explained that I was unable to pay, they phoned my work every day, mobile every day and even left a message at my work saying someone in their company had traveled from London to Manchester and was waiting to meet with me at a hotel near my work?”

Payday loan comment – Internet

7.5.4 The MP for Washington and Sunderland West also highlighted the proliferation of high cost credit walk-in shops in city centres and other commercial areas and believed that it would be beneficial to the residents of Sunderland if these could be discouraged within the statutory guidance on planning and business rates. The MP

acknowledges that a new outlet will provide a number of jobs but adversely having such outlets easily accessible by residents will only serve to encourage the take-up of high-cost credit and unsustainable debt. There was also acknowledgement that this was an on-line growth area and there were limits to what the council can do to limit exposure of residents to such options. The MP felt that the council could be most useful in providing accessible advice both on debt management and the range of lending options available locally.

7.5.5 Further to this the MP for Houghton and Sunderland South commented that high cost personal debt was a serious problem for constituents with 84% needing help from the Citizens Advice Bureau on debt related issues. Also, based on year-on-year comparisons, debt relief orders had increased by 15% and telephone/broadband debts by 12%⁸, highlighting the importance of these issues as more and more services become accessible only online.

7.6 Illegal Money Lending

7.6.1 Illegal moneylending covers a range of activities, from persons that are actually licensed but are acting unlawfully, to the extreme of a person offering cash loans without being licensed at all (Loan Sharks). Loan Shark activity is characterised by deliberate criminal fraud and theft, with extortionate rates of interest on loans that mean borrowers face demands for payment of thousands of pounds more than they borrowed and can often never pay off the loans. Borrowers who fail to pay or refuse to pay are subject to intimidation, theft, forced prostitution and other, extreme physical violence.

Example of Loan Shark Practice 1: AF went to a loan shark when he wanted £100 to buy a car stereo that was on special offer. He agreed to pay back the entire sum several days later, and was charged £20 interest. AF, 26, of Stoke-on-Trent, had successfully borrowed money from a loan shark in the past, but on this occasion failed to pay the full amount owed on the due date, so the lender doubled the interest charge. As the debt mounted, AF found it increasingly difficult to repay the growing amounts, and missed more payments, ending up being charged £100 interest every day. Eventually the entire loan had reached £1,000 and AF was threatened with having his legs broken if he didn't pay up.

7.6.2 Statistics related to the victims of loan sharks builds a profile of the types of people who are most at risk of falling victim to such practices. Members of the committee identified the characteristics as follows:

- 65% are female;
- 75% are on benefits;
- 82% are without home contents insurance;
- 75% live in rented accommodation;
- 12% are home owners (an emerging trend);
- 56% live in social housing and 19% in private rented;
- 63% are unemployed, and;
- 18% are self employed.

7.6.3 Members, through their evidence gathering, also noted that 70% of the people that use loan sharks needed to purchase something essential for everyday life with the

⁸ Citizen Advice Bureau Constituency Report: Houghton and Sunderland South 2010/2011

remaining 30% having some kind of addiction including gambling, alcohol or drug dependency. Also in looking at statistics it was interesting at this point to note some of the underlying reasons why people had used loan sharks and how they had come into contact with them:

- 78% found the loan shark through a friend;
- 46% had borrowed before;
- 44% knew the loan shark before borrowing;
- 46% tried to borrow elsewhere first;
- 66% had other debts (average £7k+);
- 28% had had other benefits check, and;
- 46% considered the loan shark a friend.

7.6.4 It can be seen that illegal money lenders are the lenders of last resort although alarmingly 46% considered the loan shark to be a friend and a massive 78% of victims finding loan sharks through friends paints a worrying picture. Accessing credit in this way can be at great financial and personal cost. The National Local Government Network has already estimated that illegal lending may rise from 65,000 to 200,000 cases per year, as a result of the economic downturn.

7.6.5 An Illegal Money Lending Team was established within Birmingham Trading Standards as a pilot project in England, one of only two in Great Britain; the other pilot area being Glasgow – covering Scotland. The remit of the team is to investigate illegal money lending activity, establish if a problem exists and, if so, bring to justice those persons carrying on this activity. The team is made up of highly experienced investigators with a broad range of backgrounds and investigative skills.

7.6.6 The scheme, initially working across the Midlands, has already been extended to cover the North West, East of England, South East and Yorkshire and the Humber areas. Funding for the project is provided from the Financial Inclusion Fund administered by HM Treasury and managed by BIS. HM Treasury and BIS announced that, due to the success of the Birmingham team, funding will continue and can be used to roll out to other authorities. On 29 December 2010, the then, Business Minister Edward Davey announced that £5.2 million in funds will be available to continue the national illegal money lending project for 2011/12 through trading standards services.

7.6.7 In addition, the Minister also announced that BIS intended to restructure the project by moving to a three national team model. The Minister indicated that BIS were looking to maintain front line services whilst providing a value for money project. The English team will be hosted by Birmingham City Council and will continue to provide a resource to investigate illegal money lending across England. Birmingham was chosen to lead the new, England team due to the efficiencies associated with the expansion. This was favoured against the creation of a brand new team that would attract high development and set up costs. Centralising national services was considered to be crucial. The team, based in Birmingham, will continue to operate a “parachute in and out model”, with a local presence being provided through regional officers; this being the option recommended by recent research commissioned through Policis, an independent research consultancy.

7.6.8 The official launch of the Illegal Money Lending Team in Sunderland took place on Tuesday 8th November 2011 at the Sunderland Glass Centre. The launch saw a

number of presentations and group discussions around the practice of illegal money lending and how agencies and individuals can help spread the team's message.

7.6.9 Members of the Committee met with Members of the Illegal Money Lending Team to discuss their work and the success rates in terms of stopping illegal money lenders operating in England, Scotland and Wales. It was interesting for the committee to note that upto January 2011 the Illegal Money Lending Team had:

- identified over 1,700 illegal lenders;
- arrested over 500 illegal money lenders (loan sharks);
- written off over £37 million of illegal debts (money victims would have paid back to illegal lenders if the team had not acted);
- brought over 182 prosecutions had been brought resulting in prison sentences totalling over 107 years and one indefinite sentence;
- helped over 16,000 victims of loan sharks including the most hard to reach individuals; and,
- referred over 600 victims had been referred to alternate (legal) sources of financial support.

Example of Loan Shark Practice 2: BS, aged 22 years old, had initially borrowed just £300 from a loan shark but this quickly rose to £3400 over a 12 week period. During this time, BS was frequently threatened and intimidated by the loan shark and his associates; the loan shark used BS's vulnerability to charge unrealistic interest rates. On a 4 week cycle, the loan shark would lend BS money to pay off earlier debts, charging a higher interest rate each time. In just 12 weeks, his debt had gone from £300 to £3400, leaving BS helpless. The use of threats and intimidation ultimately lead BS to take his own life on 3rd December 2005.

7.6.10 The IML Team informed Members of the Committee that Sunderland Mosaic demographic data would assist the team in terms of targeting resources on those neighbourhoods that fit the socio-economic pattern for loan shark activity, including Hendon, Sandhill, Redhill and Washington North. Targeted activities would include leaflet drops, poster displays and working with agencies already established in the areas to gather that all important intelligence. Members were informed that the IML Team recognised the benefits of trend analysis and by using the Mosaic tool would be able to identify likely hotspots and victims in particular areas. It was noted that a common trait of loan sharks was to target single mothers and seek payment through sexual favours.

7.6.11 It was also noted that Sunderland City Council had undertaken a month of action to raise awareness of the illegal money lending team working in Sunderland. As a result of this month of action an action plan was in development with a number of interested parties. **Appendix 1** of this report provides an overview of some of the key activities during the month of action. It was also noted that there was constant communications activity with the IML Team Liaison Officer assigned to the Council. Members suggested that the action plan could be reported back through the scrutiny committee as a way to monitor progress, development and achievements in relation to this issue.

7.6.12 Members also highlighted the importance of training for groups and organisations who were in regular contact with local people in order to be aware of issues, triggers to look for and ways to support victims of illegal money lending. Members

also recognised the area committees and community news as potential vehicles to promote the message of the IML Team and the work it does.

7.7 The Impact of Illegal Money Lending on Individuals and Communities

- 7.7.1 The consequences of borrowing from a loan shark for individuals are great and the damage loan sharks can cause to communities they operate in is immense. Illegal money lending only strengthens financial and social exclusion, through weakening already limited family budgets and increasing anti-social behaviours. As already highlighted and discussed with the IML Team those unable to pay loan sharks find themselves under increasing pressure to become involved in degrading and criminal activities. The IML Team informed the Committee that activities experienced have included prostitution, drug dealing and stealing. The IML Team also reported that once a loan shark had been removed from an area there was a significant reduction in crime within the area.
- 7.7.2 Research conducted for the Department of Business, Innovations and Skills explains that most residents from deprived estates view illegal lenders as exploiting those who need money and the majority seeing this as also damaging to the community as a whole. However individuals who use loan sharks appear to have a different view seeing such operations providing a community service for those who can borrow from no other source.
- 7.7.3 As mentioned already, and an issue that has been raised in a number of focus groups, is the fact that borrowers susceptible to loan sharks generally have no access to legal forms of credit. Interestingly users of illegal credit tend to have more chaotic lifestyles than users of high-cost credit with a proportion having drug, alcohol or mental health problems.
- 7.7.4 Illegal money lending tends to occur in tight-knit communities with lenders well known within such communities through a strong social network. The IML Team informed the committee that relationships between borrowers and loan sharks will often start friendly and, as already highlighted loan sharks are often referred by friends and thought of by borrowers as friends. However the relationship will ultimately be based on fear, intimidation and violence.
- 7.7.5 The detrimental effect of loan sharks on individuals and communities can, as shown, be severe with rising crime, violence and nefarious activities taking place on resident's doorsteps. Breaking down community barriers is an important aspect of the IML Team's work, people need to see that there is support and solutions to their situation. The IML Team will 'piggyback' onto other community events or initiatives to get their message across often using promotional materials including beer mats, posters, business cards etc. It can be a slow process and it should not be forgotten that many of these people live in fear and their confidence is extremely low. The positive impact of the IML Team and the high profile publicity around convictions of loan sharks can provide the confidence for people to come forward and give information.
- 7.7.6 The IML Team also informed the Committee of the 'U' Choose Initiative which had been undertaken in Middlesbrough where the community had been empowered to decide upon how the proceeds of illegal money lending, seized in that area, should be used for the benefit of the local community as a whole. Members were advised that the intention was that this sort of initiative would be rolled out across other

Local Authorities. Other ways in which the proceeds of crime had been used had included the production of banners to inform communities of where they can get help from the Illegal Money Lending Team and the holding of community fun days where help and advice was also available.

- 7.7.7 The effects of illegal money lending on individuals and communities can also be measured by the impact of removing a loan shark from operation in an area. In their evaluation of the illegal money lending pilots, POLICIS found that in removing a loan shark, victims are spared the anxiety of having to find money to pay such debts. Also the relief this can bring from the constant worry can have positive benefits around mental health, quality of life and general well-being.
- 7.7.8 One of the key issues that emerged from sessions with ShARP, Pallion Action Group and the question and answer session that followed the Shontal Theatre Performance was around illegal money lenders being untouchable and potential safety issues for people coming forward. One of the key tasks of the Illegal Money Lending Team is to break down these barriers and while more and more individuals are coming forward the climate of fear and reprisals generated by illegal lenders is alive and well. With this in mind and in discussion with Pallion Action Group it is evident that the barriers to persuading victims to come forward do still remain.
- 7.7.9 Illegal money lenders do depend on their ability to control and intimidate their victims and it is this that provides the perception that they are beyond the remit of the law. This is a difficult barrier to overcome and relies heavily on the enforcement authorities' ability to put such individuals out of action. Although it will also be as much about community perceptions that lenders have been removed and sufficient time is given to allow such communities to move on. This is where the work of the Illegal Money Lending Team, Local Authority, local media and community and voluntary groups is most important. Once a lender has been removed it is important to flood that community with support, advice and guidance to allow them to move on and away from such a sphere of control.

7.8 Alternative Support and Provision

- 7.8.1 The Financial Services Authority (FSA) commissioned a baseline survey of financial capability which indicated that many people, regardless of background or income, lacked the ability to manage their finances effectively. In particular those on the lowest incomes (which included single parents, the unemployed and people on sickness or disability benefits) were least likely to cope financially.
- 7.8.2 There are a number of free debt advice services available to people which offer advice and guidance in dealing with mounting financial debts arising from among other sources traditional loans, high-cost credit and illegal lenders. However, there are also a rising number of paid for advice services offering debt consolidation solutions but taking up to 35% of an individuals disposable income to provide such solutions. The credit providers that the committee contacted highlighted this as an area for concern particularly as similar advice and debt management solutions were available from organisations like the Citizens Advice Bureau, Credit Counselling Service, Sharp, Pallion Action Group or Libra and most importantly their advice was free. Promotion of Sunderland City Council's Advice and Benefits web page was also identified as important as it provides a wealth of knowledge and information that can guide residents to advice, support and guidance.

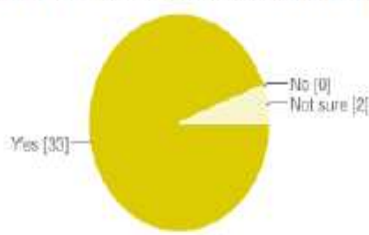
- 7.8.3 The Money Advice Service has recently outlined its objectives for co-ordinating personal debt advice services from 1 April 2012. This follows the Government's request to the Service to initiate a new era of free advice provision. Its focus will be to ensure timely help is provided to customers and that consistently high standards of advice are applied across the country wherever over-indebted customers may turn. The main features of this new approach are to put customers first and main themes include:
- (a) a commitment to automatic referral of customers by creditors to an effective advice service so people get the best advice for their needs before a crisis is reached;
 - (b) improved availability of "triage" services for customers, so those who need it get the right kind of timely advice online, on the phone or face-to-face, with a solution satisfactory to both creditors and debtors;
 - (c) increased participation of creditors in "fair-share" arrangements; and
 - (d) more consistent and higher standards of service delivery wherever customers go.
- 7.8.4 The Money Advice Service will co-ordinate the work of debt advice organisations to help meet the needs of people seeking such support. It will build on the work by partners across the UK and, following a transitional period, new arrangements will be in place from the autumn of 2013. Key to its approach is the recognition that debt advice not only improves the wellbeing of individuals, it can increase collection rates for creditors, reduce court costs and help cut down on repossessions.
- 7.8.5 An important factor that Members heard time and again during this review, was that there needed to be viable alternatives to the high-cost and illegal credit that those on the lowest incomes and the most financially excluded from society felt was their only source to additional income. Credit unions are one such alternative, a cooperative organisation owned and democratically controlled by its members. The aim of credit unions is to provide loans at fair and reasonable rates, but perhaps more importantly they also aim to get people to save as well as borrow and provide training for their members to make them confident about money.
- 7.8.6 The credit union in Sunderland (Wearside First) has had issues in the past and has not been as successful as perhaps it should have been. Members met with the Chief Executive of the new Bridges Community Bank and were informed that Wearside First had gained approval from FSA to change into a Community Bank and would be known in future as Bridges Community Bank. To further strengthen the credit unions position it has also joined forces with South Tyneside's Credit Union, enabling them to enjoy savings on economies of scale e.g. a shared IT system. It was further reported that a community bank was a small organisation offering basic lending services, Bridges Community Bank have 10 staff and were also supported by volunteers. There had also been a re-branding exercise and there were now several collection points throughout the city.
- 7.8.7 The Chief Executive of Bridges Community Bank also explained that the credit union can help the most vulnerable individuals through debt consolidation and enable their clients to reduce their monthly out goings. All clients would be encouraged to open savings accounts, even if they only save £1 a week. Clients were also offered advice and encouraged to borrow less. In looking to encouraging people to save it was noted that there were a number of initiatives including looking

to begin financial education in schools by getting young people to save. The organisation has found that there were several generations of families that, for a variety of reasons, had never saved, and this directly impacts on encouraging young people to save. It was noted that approximately 17 schools in South Tyneside participated in the savings programme, plus one of the Academy's and it was hoped this model could be introduced into schools in Sunderland.

- 7.8.8 Promotion of the new Bridges Community Bank would be important to its success and it was noted that the bank had begun with leaflet drops, although there was on average only about 1% take up on such drops, the majority of business came through word of mouth. It was also noted that the organisation was not allowed to cold call on potential clients. It was also suggested that the Community Bank could attend the area committee meetings and make contact with Voluntary and Community Network in Sunderland to make the organisation known.
- 7.8.9 Members also met with another organisation who provided help and support to those in financial difficulties, the Christians Against Poverty (CAP) organisation. CAP started 15 years ago and now has 190 centres around the country, with a head office in Bradford. CAP work in partnership with the church offering free debt advice. Initially they make a home visit, set a manageable budget and negotiate with the clients creditors, and can often due to their relationship with creditors reduce or eliminate further interest charges. The applicant has a CAP account, they make one payment into the account then CAP make the payments to their respective creditors on their behalf. They are unable to go overdrawn on their CAP account and all clients are given a caseworker to provide support and advice. Like the credit union CAP also encourages people to save. It was noted that CAP may not be able to provide this support if the client was involved with illegal money lending practices as this would be outside their sphere of operation.
- 7.8.10 Another free resource available to local people is Libra Sunderland, a direct link to a network of advice organisations across the City of Sunderland. The aim of Libra is to promote local advice services and providers and in so doing increase the access to advice for people in Sunderland. Libra Sunderland provides a resource for signposting to a number of local advice and support groups covering a variety of issues including debt and financial management.
- 7.8.11 Members also visited SHARP (Shiney Advice and Resource Project) to investigate the work being done by a third sector organisation and to ascertain the financial climate in local communities. Sharp was established in 1981 and is a local advice and support agency that has used welfare rights as a vehicle for community development. It was reported that SHARP was not experiencing any people coming to the organisation with issues relating to illegal money lending. There was an acknowledgement of mounting debt issues within the community mainly due to people's circumstances changing through loss of employment or other changes which have ultimately affected their income.
- 7.8.12 It was reported that SHARP were dealing with a number of debt issues the majority being either doorstep loans or catalogue debts. Again like CAP and other similar organisations SHARP will make offers to creditors on behalf of clients and these will more often than not be accepted as well as a cessation of any further accruing of interest charges. It was also highlighted that SHARP mostly dealt with people who were unemployed or on benefits they very rarely had contact with people who were in full-time employment.

- 7.8.13 SHARP were also looking to add further services to their support which looked at the underlying issues like unemployment, wellbeing and health. SHARP were looking to work with job linkage and health providers to begin a multi-agency approach which would provide signposting from one organisation to another. SHARP also highlighted the impending welfare reform legislation which would have a huge impact on people's financial stability and the advice centre was beginning to see an increase in people with issues associated to the implications of the Welfare Reform Bill.
- 7.8.14 In discussing the Welfare Reform Bill it was highlighted by Bridget Phillipson MP that one of the possible changes will be on the Social Fund. The government is to abolish the fund and give this money to local authorities to administer and distribute similarly. The MP for Houghton and Sunderland South expressed concern as to whether this money would be entirely replaced at a local level and if it would continue to fund emergency one-off expenses. Scrutiny Committee members were interested to determine how this fund would be administered locally and the possible implications of such changes would be to the delivery of the fund.
- 7.8.15 Evidence was also gathered from Pallion Action Group (PAG) which provided support and advice to residents living in the west of Sunderland. The PAG looks to give people advice and guidance to ensure people can make an informed choice and that the illegal money lenders are not even the port of last resort. One of the key issues noted on visiting PAG was the ease with which young people can limit their own credit opportunities through ill informed decisions. It is a very easy cycle to fall into and PAG explained that young people can easily get credit to begin with and it usually begins with a mobile phone contract. Once signed up the young person then does not like the phone or wants a better model so stops paying the contract and moves to another company. This affects their credit rating and reduces their borrowing opportunities in the future, this was noted as a major issue.
- 7.8.16 PAG also highlighted the importance of work with schools from primary through to secondary to highlight the importance of money management and the benefits of saving. The concern was that schools already have pressures on their curriculum and this may just be a further burden to this, it would be important that anything promoted to schools can be integrated into activities already being delivered. However, there are many young people from poor families are excluded from many of the school activities due to their cost. It could be that schools are encouraged to promote saving within the school for pupils that can then pay for school trips. This can educate pupils about the value of saving, provide an opportunity for those currently excluded to participate and it can be geared to be affordable for parents.
- 7.8.17 Further to this the MP for Houghton and Sunderland South, in canvassing constituents, found that a majority thought that children should be taught about personal finance in school.

Q4 Should children be taught about personal finance in school?



Yes	33	94%
No	0	0%
Not sure	2	6%

Figure 2: Houghton and Sunderland South constituents response to financial education in schools
Source: Member of Parliament for Houghton and Sunderland South

8 Conclusions

The Committee made the following overall conclusions:-

- 8.1 The current state of the UK economy is one of unemployment, debt and financial insecurity. The North East has suffered higher levels of unemployment than other areas and is an area that is particularly vulnerable to issues surrounding debt. Sunderland is typical of many cities across the North East and many residents struggle to make ends meet having limited avenues available to them for accessing additional credit.
- 8.2 There is a multitude of ways to borrow money ranging from the traditional routes through banks and building societies through to high-interest credit companies and ending at the illegal money lending trade. It is often those most disadvantaged and vulnerable in society that are the most limited in their choices when it comes to borrowing money. Provident loans, payday lenders and right-to-buy credit are often the key borrowing mediums of many people who struggle to access the more mainstream routes, due to the ease of access and proliferation on the high street. For those who struggle at the very bottom where all avenues of credit have been exhausted there is the loan shark who is often well known in the community and recommended by a friend.
- 8.3 Barnardo's have highlighted that a key driver for individuals accessing unlicensed credit is through an inability to access licensed credit providers. It is interesting in speaking with credit providers operating in Sunderland to see just how many new applications were rejected. There is a danger that a number of these people may turn to unlicensed credit providers or higher-cost credit operators and it would be beneficial if credit providers could signpost rejected applicants to the local authority who could provide advice and guidance.
- 8.4 People need to have confidence and awareness around their own financial circumstances to make informed decisions. For many this is not just an individual issues but one that has an impact on the whole family. Working with local support groups there is a potential opportunity to raise financial awareness in local communities and signpost people to support groups and credible sources of credit. Empowering people to make better informed decisions around finances can only help families and communities and hopefully deter many from turning to unlicensed lenders.
- 8.5 High-cost credit providers are increasing in popularity due to the speed and ease of access to money, they are also creeping into our consciousness through heavy

media advertising and an increasing high street presence. For many people these can be an ideal short-term solution to bridge a gap between paydays and unexpected expenses, for others it is a spiral into mounting debts and crippling interest charges. The Office of Fair Trading review into high-cost credit sector did conclude that the markets worked reasonably well. However there is currently a campaign in Parliament for a cap on the cost of credit, and more generally to highlight the practices of high-interest lenders. The campaign has been well reported in the media and hopefully may have raised awareness to the pitfalls of such loans.

- 8.6 In fact the OFT have recently announced it is to investigate 50 payday loan companies to see whether they are deliberately targeting vulnerable people. The OFT intends to pursue lines of enquiry which look at:
- (a) loans being given with adequate checks to ensure that the borrower can afford to repay the loan;
 - (b) the inappropriate targeting of particular groups of people with unsuitable and unaffordable credit;
 - (c) rolling over loans which escalate the charges making the loans unaffordable; and
 - (d) the fair treatment of borrowers who get into financial difficulties.
- 8.7 It is also worth highlighting that Sunderland City Council has very recently undertaken a study of the effects of high-cost lending on consumers. This report contains a number of case studies relevant to Sunderland and highlights some of the pitfalls of this ever increasing market. It would be useful to submit this research to the OFT to support their review and provide evidence from a Sunderland perspective. The report and its findings would also be welcomed by the Management Scrutiny Committee as a compliment to this review.
- 8.8 The Illegal Money Lending Team operating in Sunderland is a positive step for removing unlicensed lenders in the area. To promote this in and around Sunderland the local authority has undertaken a month of action which has proved extremely positive. The campaign has had media exposure at Sunderland's Stadium of Light, there has been work undertaken with schools and a performance by a theatre group of a hard hitting play about loan sharks. This work will continue and an action plan is to be developed to continue this work and develop some of the positive outcomes that have followed the month of action.
- 8.9 Throughout the review there has been the issue of how to break the power that a loan shark can have on a community. There is still a stigma attached to being labelled a 'grass' and there is also the fear of recriminations from the loan shark if found out. In speaking with local community groups it is clear that people are reluctant to come forward and it will be important to promote the positive outcomes of removing a loan shark from an area, and that it can be done. Key frontline workers, from a variety of agencies (e.g. Gentoo Housing), should be trained to look for the signs of loan shark activity within an area, as well as looking to these front line workers within communities to help build trust and promote the key messages around this agenda. It is important that information and intelligence is gathered from as many sources as possible to build a picture to allow the Illegal Money Lending Team to take decisive action.

- 8.10 Another key issue that has been a common theme throughout the review has been around what would replace high-cost credit and illegal money lending. It must be remembered that frequently the people using these solutions to money problems often have no other option, unlicensed credit is the choice of last resort. Unlicensed credit is an illegal debt and it does not have to be paid back, removing a loan shark can provide that breathing space for those in debt. An individual who all of a sudden is not paying a major part of their limited income to a loan shark may find the additional money can help them to cope and move on.
- 8.11 The credit union can provide communities with the ability to save and also provide loans and a much more affordable rate. It is true to say the credit union in Sunderland has not flourished as well as others in the area and the country generally, but merging with South Tyneside's Credit Union can provide a much stronger base for it to move forward in the future. It will be important for the new Bridges Community Bank to promote its business and develop a broader client base, there is certainly opportunities to work with community and voluntary groups in and around Sunderland to get those most in need involved with the bank. It would also be advantageous if the local authority could explore ways in which it can positively promote this new venture to help maximise its potential for success.
- 8.12 The local authority has a wealth of information, knowledge and expertise within its organisation that can help signpost and support people to make informed choices for a long-term solution and future. The benefits and welfare page of the council's website is a key resource for information as well as the customer contact centres which can provide support on a range of debt related issues. It is important that the local authority promotes the help available through its work with a range of partners and in collaborative relationships with key stakeholders. This can ensure that information around advice and guidance is promoted as widely as possible and targeted at those most in need of support.
- 8.13 The culture of modern society is built on credit and debt, it is a must have now world that worries about the consequences later. Many people do not understand the true value of money and the long term implications of their actions now. Education and an appreciation of money and money management for all ages are important. Schools have a key role to play but it is not feasible to ask schools to add further topics to their curriculums. However, it could be possible to build such issues into school life and there are opportunities to show young people, from an early age, the benefits of saving. Schools could start savings clubs for pupils and get parents to save a nominal amount every week which could contribute to school trips. Parents could also see the benefits by not having to pay out for a trip all in one go or that they cannot afford it and their child is unable to go on the trip.
- 8.14 These are all small things that can contribute to helping individuals, families and communities to manage their debts, look to alternative solutions and make better informed choices. This issue of debt, poverty and those that exploit this situation is deep rooted in our society, but through the work of the Illegal Money Lending Team, Local Authorities and community and voluntary groups there are the beginnings of a greater awareness of just how people are being exploited throughout England. In times of recession and economic downturns it is often those that are least able to cope that suffer the most, the local authority and its partners continue to tackle these issues to support communities and local people.

9 Draft Recommendations

9.1 Management Scrutiny Committee has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The Committee's key recommendations to the Cabinet are as outlined below:-

- (a) That Trading Standards explore the potential for developing a relationship or agreement with local credit providers to signpost rejected credit applicants to appropriate sources of guidance or support either in the Council or local community;
- (b) That the local report being undertaken, by Trading Standards, into high cost lending in Sunderland is submitted to the Office of Fair Trading review into payday loans as evidence, as well as presenting the findings to the Management Scrutiny Committee;
- (c) That the Management Scrutiny Committee receives updated reports on the progress and achievements in relation to the action plan that is to be developed following on from the initial month of action around illegal money lending;
- (d) That the Illegal Money Lending Team in partnership with Trading Standards, Welfare Rights and key partner organisations look to promote the benefits and build trust relating to their work around loan sharks through a variety of media including area committees and LMAPS;
- (e) That Trading Standards and Welfare Rights look to explore possibilities with community and voluntary sector organisations in providing training sessions on financial management and debt related issues in local community settings;
- (f) That an initial publicity strategy is developed to ensure that the first conviction/arrest in Sunderland of a loan shark has positive media coverage with an aim to enhance confidence and assurance in communities and individuals who are in similar situations;
- (g) That work is undertaken to promote the local authority website as an important resource for information around debt management, financial information and local advice services;
- (h) That the council looks at how it can encourage schools to explore the potential for school savings clubs that can help young people and families in promoting the value of saving;
- (i) That new media outlets including the app and android market, twitter, other social media and text messaging be explored and evaluated for promoting and targeting messages about high-cost credit and illegal money lending to young people who are potentially most at risk;
- (j) That the Council looks at ways to promote and support the newly re-launched credit union, Bridges Community Bank, as a viable alternative to high-cost credit and illegal money lending.

10. Acknowledgements

10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- (a) Tony Quigley – Head of the Illegal Money Lending Team (England)
- (b) Denise Meek – Illegal Money Lending Team
- (c) Richard Reading – Principal Trading Standards Officer
- (d) Joan Reed – Strategic Change Manager
- (e) Alan Caddick – Head of Housing
- (f) Liz St Louis – Head of Customer Service and Development
- (g) Justin Collins – Mortgage Rescue Officer
- (h) Theresa Finch – Christians Against Poverty UK
- (i) Gavin Hennessey – Bridges Community Bank
- (j) Dorothy Gardner – Sunderland MIND
- (k) Malcolm Hays – Hays Credit
- (l) Neil Gillespie – Hays Credit
- (m) Peter Kenyon – Ramsdens Financial Ltd
- (n) Pallion Action Group
- (o) Shiney Advice and Resource Project
- (p) Bridget Phillipson MP Houghton and Sunderland South
- (q) Sharon Hodgson MP Washington and Sunderland West

11. Background Papers

11.1 The following background papers were consulted or referred to in the preparation of this report:

- (a) Bank of England 2011 Credit Conditions Survey: Survey Results Quarter 3
- (b) Citizen Advice Bureau Constituency Report: Houghton and Sunderland South 2010/2011
- (c) MP Accountability Network January 2011 Briefing 2: High-Cost Credit
- (d) Keeping the plates spinning: Perceptions of payday loans in Great Britain. Consumer Focus. 2010
- (e) A Vicious Cycle: The Heavy Burden of Credit on Low Income Families. Barnardo's. 2011

Sunderland City Council Month of Action on Illegal Money Lending

There were **four themes** for the activities held during the month of action:

Awareness raising

It was considered important to raise awareness of illegal lending in the city, therefore a stall was hosted in the Bridges Shopping Centre over two days during which time the centre had a footfall of 119,000 people. Promotional material was distributed to GP's surgeries, Taxi drivers and community centres. In addition promotional messages were displayed in Gentoo offices and CSC where members of the public go. Furthermore 9000 beer mats were distributed to the pubs and clubs of Sunderland.

Training of key staff

Over 60 front line staff from Sunderland city council and the voluntary and community sector received training on how to spot and tackle illegal lending. One person who had attended the training clearly put this to use and shared information with the IMLT about a potential loan shark within hours of attending the training.

Media coverage

The month of action received good media coverage through a variety of media platforms. This included three newspaper articles in the local press, a radio interview with the Head of IMLT, and a radio discussion with the Principal Trading Standards Officer and IMLT staff.

Councillor Kelly was also interviewed by Sky Tyne and Wear about the issue.

Community involvement

Community involvement was a key part of the month. Gentoo hosted two family fun days on their estates, children got the opportunity to meet IMLT mascot Sharky and their parents were given information about illegal lending.

Southwick Primary School hosted a special assembly to their pupils and held a competition to design a banner warning against the perils of illegal money lending.

SAFC have been very involved with the month of action and they donated tickets to the banner winners and runners up to attend the big match between Sunderland and Arsenal. At half time the children went on the pitch and displayed the banner. The link with SAFC has been heralded as good practice by the national IMLT. The banner has also been on display at other places in eth city across the month, including the Fawcett Street Customer Service Centre.

The month of action was rounded off by the premier of 'It's only a few quid' by community theatre company Shontal being played to a packed house at The Sunderland Royalty Theatre.

POLICY DEVELOPMENT & REVIEW 2011/12: DRAFT FINAL REPORT

LINK TO WORK PROGRAMME: POLICY DEVELOPMENT & REVIEW

Report of the Chief Executive

1. Why has this report come to committee?

- 1.1 The report provides Members of the committee with the final draft report from the evidence gathered in relation to this year's policy review on self regulation.
- 1.2 The review report presents in detail the evidence, research and conclusions drawn throughout the review process and recommendations arising from this evidence gathering. Members are asked to give consideration to the final report and the recommendations of the policy review.

2. Background

- 2.1 At the meeting of Management Scrutiny Committee held on 16th June 2011, following discussions regarding the Work Programme, the Committee agreed to focus on the development of the Council's approach to self regulation and the role of the council's scrutiny function in supporting self regulation and improvement.
- 2.2 The review came at an important time in light of the changing government policy direction in relation to national inspection frameworks. The Committee used its skills and expertise to stimulate engagement and dialogue to develop themes presented during their evidence gathering procedures.

3. The Draft Final Report

- 3.1 The draft final report on demonstrating local accountability is attached as an appendix to this report and presents members with the facts and evidence that have been gathered throughout the review process. The evidence gathering was conducted through a series of interactive workshops, taking evidence from key officers.
- 3.2 The report is divided into a number of sections which provide the background information to the review, how the review was carried out and the findings and conclusions from the review process. The findings from the review reflect the following themes:
 - What is Self Regulation?
 - Self Regulation: An Approach
 - The LGA Seven Point Offer
 - The Sector Led Approach
 - Peer Challenge Process
 - The Knowledge Hub and LG Inform

- The Role of Scrutiny in Self Regulation.

3.3 Members are asked to read the report and comment on the content with particular reference to the recommendations arising from the evidence gathered and presented in the report. Members may wish to amend the report for purposes of accuracy, clarity or relevance to ensure the report is a true reflection of the work undertaken.

4. Conclusion

4.1 The Management Scrutiny Committee are presented with a final draft copy of the policy review document for comment and amendment with the aim of producing a final report for presentation and approval by Cabinet.

5. Recommendation

5.1 That the Management Scrutiny Committee provide comments on the final draft report and that any agreed amendments are made.

5.2 That consideration is given to the recommendations contained in the final draft report.

5.3 That the agreed final report is presented to the Cabinet for approval at its June 2012 meeting.

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Management Scrutiny Committee Policy Review 2011 – 2012

Demonstrating Local Accountability

Draft Report

Contents

1	Foreword from the Chairman of the Committee.....	2
2	Introduction.....	3
3	Aim of Review.....	3
4	Terms of Reference.....	3
5	Membership of the Committee.....	3
6	Methods of Investigation.....	3
7	Findings of the Review	5
8	Conclusions	16
9	Recommendations.....	18
10	Acknowledgments.....	18
11	Background Papers.....	19
	Appendix 1 – CfPS Pilot Studies.....	20

1 Foreword from the Chairman of the Committee

It gives me great pleasure to be able to introduce the Management Scrutiny Committee's policy review on self regulation.

The landscape of local government inspection and assessment is changing with central government's removal of large aspects of the current regime. However with the removal of 'top down' regulation comes a greater responsibility on councils to ensure that accountability and transparency exists at the local level around the organisation and service delivery. The Local Government Association have on behalf of councils looked to develop an approach which supports this new agenda



The Management Scrutiny Committee has looked at a number of aspects of this new 'self regulation' agenda and the emerging self regulation tools being developed through a series of interactive workshops. These workshops have proved extremely useful in not only gaining a clear understanding of self regulation and the associated mechanics, but also how this is being implemented and developed in Sunderland.

There is a clear role for scrutiny within the self regulation model, providing one of a number of robust mechanisms for accountability and transparency. Scrutiny plays a key part in the council's governance arrangements and with the advent of self regulation will continue to provide both a voice for concerns of the public and a critical friend challenge to the Cabinet.

It is also worth noting that many of the principles of good self regulation are already imbedded in the councils work and the work of scrutiny, through the policy reviews that are conducted by committees on an annual basis.

The important issue for scrutiny and the council, as a whole, in moving forward is to ensure that the self regulation measures put in place are proportionate and fit for purpose, reflecting the best interests of the organisation and communities which they serve. However scrutiny develops in the future there is a clear role for members and the scrutiny function in providing a degree of accountability through its continued work and policy review studies.

Finally I would like to thank my colleagues on the Management Scrutiny Committee for their valuable input and contribution throughout the course of this piece of work. I hope that the review and its recommendations can help to add value and develop further the self regulation role within the Council.

A handwritten signature in black ink, appearing to read 'David Tate'. The signature is written in a cursive style and is enclosed within a large, horizontal oval shape.

Councillor David Tate, Chair of the Management Scrutiny Committee

2 Introduction

- 2.1 At the meeting of Management Scrutiny Committee held on 16th June 2011, following discussions regarding the Work Programme, the Committee agreed to focus on the development of the Council's approach to self regulation and the role of the council's scrutiny function in supporting self regulation and improvement.

3 Aim of the Review

- 3.1 The overall objective of the review is to look at the appropriateness and effectiveness of the Council's emerging self regulation framework, and in particular how the scrutiny function can contribute to performance improvement.

4 Terms of Reference

- 4.1 The title of the review was agreed as 'Demonstrating Local Accountability' and its terms of reference were agreed as:
- (a) To understand the emerging self regulation agenda and how the council is responding;
 - (b) To look at the role of scrutiny in the Council's self regulation framework;
 - (c) To consider what techniques the Council could use to provide accountability to, and engagement with the public and local communities in performance management issues, and;
 - (d) To look at examples of good practice from across the region and country in relation to the policy review.

5 Membership of the Committee

- 5.1 The membership of the Management Scrutiny Committee during the Municipal Year is outlined below:

Cllrs David Tate (Chair), Kath Rolph (Vice-Chair), Florence Anderson, Graeme Miller, Michael Mordey, Robert Oliver, Paul Stewart, Peter Walker, Susan Watson, Amy Wilson and Peter Wood.

6 Methods of Investigation

- 6.1 The work and evidence gathering in respect of this review was undertaken through a series of interactive workshops dealing with a specific aspect of self regulation. The workshops covered the following themes:
- (a) The Sector led Approach;
 - (b) Peer Challenge;
 - (c) LG Inform and The Knowledge Hub;
 - (d) The Role of Scrutiny in Supporting Self Regulation.

- 6.2 Throughout the course of the review process the committee gathered evidence from a number of key witnesses including:
- (a) Mike Lowe – Head of Performance Improvement – Sunderland City Council;
 - (b) Caryl Macbeth – Associate Lead for Performance & Improvement– Sunderland City Council;
 - (c) Kelly Davison-Pullan - Lead Officer for Corporate Performance – Sunderland City Council;
 - (d) Lee Wilson - Performance & Intelligence Officer - Sunderland City Council;
 - (e) Meg Boustead – Head of Safeguarding– Sunderland City Council;
 - (f) Graham King – Head of Strategic Commissioning HHAS– Sunderland City Council;
 - (g) Mark Edgell – LG Improvement and Development Regional Associate – Local Government Group
- 6.3 All statements in this report are made based on information received from more than one source, unless it is clarified in the text that it is an individual view. Opinions held by a small number of people may or may not be representative of others' views but are worthy of consideration nevertheless.

7 Findings of the Review

Findings relate to the main themes raised during the committee's investigations and evidence gathering.

7.1 What is Self Regulation?

7.1.1 The Coalition Government has a commitment to the replacement of the burden created by Whitehall oversight and inspection with greater local public transparency and accountability, allowing councils and other local public bodies to focus on frontline services. The Government has acknowledged the significant costs to local councils, both direct and indirect, and the scaling back of upward reporting to government and the reduction in inspection and assessment has been welcomed by Local Government. In its first year the Government introduced a range of proposals, and changes in regulation. Those already announced have included:

- Dismantling of the national performance management framework that covered councils including;
 - The abolition of Comprehensive Area Assessment (CAA);
 - The end of Local Area Agreements (LAAs);
 - The abolition of the Place Survey;
 - The replacement of the National Indicator Set with a single, comprehensive list of all the data that local government is expected to provide to central Government;
 - The end of annual ratings/performance assessments of adult social care and children's services; and,
- Disbanding of the Audit Commission.

7.1.2 Although the Government is scaling back routine inspection and assessment to ensure that this is proportionate, risk based, outcome focussed and reduces the burden upon councils, this isn't universal across the inspectorates and some elements of inspection still remain. The impact of the reducing burden is being felt disproportionately across councils. While major assessments of councils (e.g. CAA and LAA) and adult social care have gone there are still significant inspection and assessment frameworks, particularly within Children's Services, where services have only experienced a marginal benefit in reduced inspection.

7.1.3 Part of this disparity can be explained by the fact that inspection and assessment is viewed by Government and the inspectorates as continuing to have a role in high risk areas such as safeguarding children, as well as in ensuring the integrity of public spending.

7.1.4 There are expectations from the Government that while scaling back the inspection regime, there is still a requirement of Council's to ensure that they are evidencing and providing assurances to stakeholders on the delivery of priorities and outcomes. In the absence of significant external regulation and inspection as well as the Government's commitment of not replacing one layer of bureaucracy with another, the Local Government (LG) Group put forward proposals for sector-led self regulation and improvement. This would in effect be a replacement for the current top down inspectorate led performance management framework.

7.1.5 In October 2010, the Local Government Association (LGA) conducted a consultation with the local government sector on a new approach to self-regulation and improvement. The consultation solicited 120 responses from individual councils and almost 200 additional council responses made through regional improvement and efficiency partnerships (RIEPs). Councils agreed with the basic proposed principles:

- that councils are responsible for their own performance;
- that stronger local accountability drives improvement; and,
- that councils have a collective responsibility for performance in the sector as a whole.

7.2 Self Regulation: An Approach

7.2.1 The consultation conducted by the LGA in October 2010 led to the publication in February 2011 of 'Taking the Lead' which sets out the LG Group's approach to how self regulation and improvement could work in practice. In doing so, the LG Group stresses that it is not setting out a prescribed system to be adopted by all local authorities recognising that it does not want to replace one burdensome national framework with another. However there is an expectation for councils to take steps to enhance the way they are held accountable locally and to continue to support each other.

7.2.2 There are two key principles which the LG Group identifies as fundamental to the new self regulation approach. These are:

- Local authorities are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area; and,
- Local authorities are accountable to their local communities. Stronger accountability through greater transparency helps local people drive further improvement.

7.2.3 Some of the approaches are not new and the LGA are identifying that there are a number of tools and techniques that are available and being used by local authorities to assist in developing and promoting self regulation. A number of these tools and techniques will already be familiar and effectively incorporated into local authority planning and performance frameworks. The review recognised that the use of many of these techniques will of course be at the discretion of councils relating their appropriateness to the local setting, but the LG Group does set out a series of techniques including:

- Encouraging resident feedback from a range of channels (e.g. councillor surgeries, surveys, complaints, comments and compliments, and mystery shopping);
- Using social media techniques to gather information;
- Using deliberative techniques such as citizens juries and participatory budgeting;
- Consulting with the public on proposals affecting them;
- Publishing regular performance information allowing the public to understand how well the council is meeting its objectives (e.g. annual report);
- Publishing on-line expenditure in line with national requirements, in a way that the public can understand;

- Making use of the role of scrutiny to challenge and improve council and partner services;
- Taking stock of the councils own performance to identify areas for improvement and risks;
- Making use of opportunities to be challenged by peers;
- Seeking and welcoming support from the sector as and when required; and,
- Developing elected members to fulfil their role in this new environment.

7.2.4 The 'Taking the Lead' publication sets out a seven point support offer from the LGA that will help local authorities to develop the opportunities that self regulation and improvement offers. One of the key features within the new approach is the emergence of sector led approaches which are being developed by specific sectors eg Adult Social Care , Children's services with sector specific responses being developed at national and local levels in some areas.

7.2.5 The remit of the review focussed on the key aspects of the LGA 'offer' but members acknowledged and recognised the existence and deployment within Sunderland of a range of mechanisms and systems which currently support local transparency and accountability, and the importance of enhancing and adapting measures to ensure local accountability without creating any additional layers of bureaucracy.

7.3 The LGA Seven Point Offer

7.3.1 The LGA seven point offer is a range of 'free' tools and support offered to councils to help strengthen local accountability and transparency. The LGA have brought the existing tools and support undertaken by a range of support organisations together under one single framework, the idea being that if they are in one place it is easier for councils to gain access to the tools and support. The important point to note is that none of the tools are mandatory, it is up to the Council to consider how and when to use them.

Local Accountability Tools

7.3.2 One of the elements of the new approach is around working with councils to develop tools for enhancing how councils are locally accountable to citizens and communities, including online guidance "showing how new and existing tools can be brought together to provide regular feedback to local people"¹, a local assessment tool, piloting new ways of gathering information about citizens' views of services and a series of offers from the Centre for Public Scrutiny. It was recognised that the offer here was not a single tool, or a prescribed approach, but rather an approach that draws on a range of existing and new tools.

Peer Challenge

7.3.3 Peer challenge is not a new technique but it is a proven tool for improvement. In fact since April 2004, almost 70% of councils have had some sort of peer challenge and during Comprehensive Performance Assessment (CPA) and Comprehensive Area Assessment (CAA), councils that made use of peer challenge improved their ratings to a greater extent than those that did not. Where the new peer challenge differs is that it is voluntary in nature and is intended to complement the work of councils, it is also an aspect of self regulation that the Management Scrutiny

¹ The Seven Point Offer - Local Government Association website

Committee explored in depth during their evidence gathering and these findings are detailed later in the report.

7.3.4 *Peer Support*

The LGA is also offering up to five days of free member peer support for all councils undergoing a change of political leadership and is intended to support the new leader.

7.3.5 *Knowledge Hub*

Councils have always learned from each other and find this extremely useful in developing but often it is difficult to find the time, resources or right information. The LGA is investing on behalf of the sector into a new web-based service creating a single window to improvement in local government. The Knowledge Hub has the potential to become the definitive online environment for local government to produce and capture its own knowledge. It will offer a suite of free online tools and services to help councils innovate and improve together. Again this is an aspect of self regulation which the committee has explored in some detail and is discussed later within the report.

7.3.6 *Data and Transparency*

In parallel with the Knowledge Hub will be LG Inform a place for councils to provide and access data in an open source environment. The aim of LG Inform will be to assist local authorities in the analysis of performance and outcomes, helping councils build the evidence required for informed decision making, reducing costs and improving services.

7.3.7 *Leadership Support*

The LGA has pledged to continue to provide development support for political and managerial leaders as part of the seven point offer.

7.3.8 *Learning and Support Networks*

The LGA will also support networks of officers and councillors at national and sub-national levels, working with sub-national groupings of councils and the relevant professional associations, to share good practice and to provide timely support.

7.4 The Sector Led Approach

7.4.1 As part of the review Members were made aware of some of the emerging sector led approaches and looked at some of the tools that have been and continue to be developed around self regulation as well as understanding the changes to inspection arrangements in key service areas.

Self Regulation in Adult Social Care

7.4.2 It was noted that the previous regime of inspection included the National Performance Assessment Framework which was conducted annually by the Care Quality Commission (CQC). From this annual inspection councils received an annual judgement and rating which covered the seven dimensions of social care. The judgement highlighted areas of strength and agreed areas for improvement, essentially acting as an action plan for the forthcoming year.

7.4.3 Members noted that during the 9 years of this inspection regime Sunderland City Council's Adult Social Care was rated as excellent (in 8 of the 9 years) or good following inspection.

7.4.4 Members were advised that the previous inspection arrangements had been abolished with new arrangements based around sector led improvement as follows:

- Nationally led by the Association of Directors of Adult Social Services (ADASS), the Local Government Group (LGG) and CQC;
- Co-ordinated through Promoting Excellence in Councils' Adult Social Care Programming Board; and,
- A regional approach developed by the North East ADASS.

7.4.5 Members enquired as to how the regional approach had been developed and it was reported that it had four principal components:

- To develop a consistent approach to performance management arrangements;
- To provide support to those councils formerly judged as 'Adequate';
- To develop a regional programme of service development; and,
- To start a regionally funded pilot of proposed arrangements.

7.4.6 One of the key local accountability tools that members were advised was being developed in this area was what was called a 'Local Account'. This was designed to be an annual self assessment of the performance of local social care services. The review was advised that this was an emerging tool and also informed that the development of the Local Account in Sunderland was ongoing with discussion around the exact content of such an account. It was noted that local accounts are designed to build on the work that councils are doing in relation to their engagement with the public and service users around priorities and outcomes. The potential for local accounts to become a key vehicle for accountability to the public was acknowledged by Members as well as identifying it as a useful way of informing self improvement activity locally. The local account would become an annual process for adult social care and from 2012/13, and Members saw this as an opportunity for scrutiny to provide the requisite challenge and review function in respect of the local account, and in so doing enhancing accountability within the local authority.

7.4.7 The review was reminded that the sector had in 2011 developed a new outcomes framework for adult social care in 2011 was much more service user focused, with a measures of outcomes that was more person centred.

7.4.8 On a regional basis Members were advised that a 'buddy' arrangement with other North East councils was to be used to develop a sector led approach to peer reviews for social care. It was acknowledged that locally there was agreement on the main standards that councils will judge each other on, these were noted as:

- Reablement;
- Personalisation;
- Prevention; and,
- Safeguarding.

7.4.9 Members enquired that if moving to a self assessment framework had the potential to lead to complacency? However it was understood that for example in preparing local accounts there was a need for councils to be honest and robust in their assessment, to provide a balanced view of what works well and where improvements can be made. The views of service users would also act as a balance within the approach. The use of a regional peer review would also provide an external challenge to the council's own views.

Children's Services – Safeguarding

7.4.10 The review was reminded of the Ofsted inspection process and in particular the annual unannounced inspection which lasts approximately 2.5 days, it was noted that Children's Services had been inspected on Tuesday 25 October 2011. Running in parallel with this was the announced inspection which is a far more detailed inspection lasting for up to 2 weeks.

7.4.11 It was highlighted that recent policy developments would change the Ofsted inspection framework. The main drivers being the recent agreement with partner inspectorates to develop a fully joint multi-inspectorate framework for the inspection of local area arrangements for the protection of children from 2013/14; and the recent agreement with the Department for Education to pursue a regulatory change that will allow the streamlining of arrangements for the inspection of looked after children services.

7.4.12 In December 2011, Ofsted, HMI Probation, HMI Constabulary and the Care Quality Commission, with the involvement of HMI Prisons where appropriate, agreed to develop a joint inspectorate framework for a multi-agency inspection of services for the protection of children. Ofsted have committed to developing a detailed project plan by 31 March 2012, and expect to implement a new joint framework during 2013/14. In the meantime an interim single inspectorate framework will be used by Ofsted from May 2012 to inspect local authority arrangements for the protection of children.

7.4.13 Currently, Ofsted is required to undertake discrete inspections of local authority adoption agencies and local authority fostering services every three years. The Department for Education have agreed to pursue a change to the regulations which would allow Ofsted to integrate these separate inspections into a single integrated 'children looked after' inspection. It was anticipated that following a consultation period a new programme for inspection would begin in April 2013. It was also noted that as well as combining these inspections together there would be more focus on the performance of safeguarding services within local authorities.

7.4.14 The Management Scrutiny Committee also recognised that the Children's Services Directorate had commissioned a peer challenge from the LGA to support improvement planning and inspection preparations for the safeguarding service. This review was free to the council as it was funded by the Government. It was seen as extremely beneficial to both the service area and the council as a whole. In preparing for this review an honest and frank self assessment was to be completed. It was also noted that the Children Young people and Learning Scrutiny Committee would be part of the peer challenge process and it was intended re-visit this peer challenge once it had been conducted as part of future evidence gathering.

7.5 Peer Challenge Process

- 7.5.1 One of the major aspects of self regulation is the Peer Challenge process and the Local Government Association (LGA) is keen to promote this tool through the offer to all councils of the opportunity to have a free corporate peer challenge between now and March 2014.
- 7.5.2 Peer challenges from the LGA differ from previous inspection regimes like Comprehensive Area Assessment (CAA) in that they are undertaken by the sector for the sector are less prescriptive and are aimed at improvement rather than purely judgemental. Peer challenges can be undertaken across a whole organisation i.e. council or local strategic partnership or a specific service area or theme e.g. safeguarding, regeneration etc
- 7.5.3 As the LGA states peers i.e. officers and members from other council's will very much be at the heart of the process², with teams consisting of a mix of officers and elected members that best reflect the main focus of the peer challenge and ensure councils receive the most appropriate challenge. Members were also informed that these team compositions were agreed with councils in advance and in fact the selection of the peer challenge team could be as important as the peer challenge itself. A similar point was also raised at a recent regional scrutiny network meeting and Mark Edgell, LGA Regional Associate, about the credibility of peer challenge teams and it was confirmed that the selection process was conducted between councils and the LGA to ensure the challenge team were suitable and credible for the organisation to be reviewed.
- 7.5.4 Members were aware that the Council had used peer challenge at both corporate and service level over the last few years. In gaining a greater understanding of the role and benefit of peer review/challenge Members of the Management Scrutiny Committee looked at the scrutiny peer review undertaken in 2008 and also received feedback from the most recent peer challenge undertaken, that of the safeguarding service as highlighted earlier in the report. In addition to these service specific peer reviews, consideration was also given to the corporate peer reviews of the council and the Local Strategic Partnership which had taken place in advance of the former Comprehensive Performance Assessment (CPA) and Comprehensive Area Assessment (CAA).
- 7.5.5 The scrutiny peer review took place in 2008 and was based on the 4 principles of good scrutiny, namely the critical friend challenge, reflecting the voice and concerns of local communities, taking and leading the scrutiny process and impacting on service delivery. The peer review team was made up of 2 IDeA Officers and one elected member.
- 7.5.6 The review team initially carried out a survey via questionnaire to get the views of a variety of members and senior officers and were on site for days during September 2008 where documentation was reviewed, interviews held, focus groups organised and scrutiny committee meetings were observed. The key points and benefits to this approach from the experience of the scrutiny service was that:
- (a) The peer review provided an independent view of the service free of any personnel or historical prejudices;

² Taking the lead: The Local Government Association's peer challenge offer. LGA Nov 2011

- (b) The peer review was the ideal driver for change and improvement within the service area;
- (c) The review also provided a reality check; and,
- (d) The review was tailored to suit both the service and organisation.

7.5.7 Members did raise the issue that at the time of this peer review Cabinet Members were not involved and it was recognised that the views of Cabinet Members would be just as relevant in such a review and add a further dimension. Members agreed this was worth bearing in mind for any future reviews.

7.5.8 It was also highlighted by Members that there can sometimes be a tendency to report an objective as having been achieved when this may not be the case. It was identified as being very important that any recommendation arising from a peer review/challenge was signed off only when completely achieved.

7.5.9 The Head of Safeguarding, Meg Boustead, also attended this evidence gathering session to provide some informative feedback from the very recent peer challenge undertaken in the Safeguarding service.

7.5.10 The initial point to raise from this peer challenge was how useful it was in providing a different perspective on the service based on the knowledge and experience of peers who knew safeguarding services themselves. The peer challenge process also highlighted how the process allowed the peer challenge team to take learning and new ideas away with them and in this way good practice was being shared across the sector. To this end it was noted that the Head of Safeguarding was keen to pursue the opportunity to become a national peer not only to increase her own learning but to be able to bring innovative and different ways of operation back to Sunderland.

7.5.11 Another of the advantages of the peer challenge was noted as the high degree of honesty that took place during discussions and the less guarded approach than can often be the case during a formal Ofsted inspection. It should also be noted that the peer challenge process is much more flexible and adaptable to the needs of the host council than in the past and there is greater scope for honest assessments and discussions based on self awareness and mutual understanding with peers. As mentioned previously Sunderland City Council decided the remit and focus of the safeguarding peer challenge but it should be noted that the new style peer challenge is not a detailed service assessment or driven by external requirements or a standard set of Key Lines of Enquiry (KLOE).

7.5.12 Members explored the accountability issues around the action plan resulting from a peer challenge and how it was important to share this, as well as any learning from the peer challenge with the scrutiny function. It was highlighted that scrutiny committees would be the most appropriate vehicle to hold any such action plan to account. Scrutiny would provide for transparency in the process as well as allowing service areas to be able to demonstrate progress in relation to actions within an action plan.

7.5.13 It was recognised that self regulation would not work without the requisite peer challenge and perhaps a more regional arrangement would be required in the future. It was certainly clear that the input and thinking that is needed to prepare for

such a process was very important. In fact it is testament to the old adage that you only get out of such an exercise what you are prepared to put in.

7.5.14 It was noted by Members that the 'old' style peer challenge was very much about providing a benchmark and lacked the flexibility of the new style challenge. It was interesting to know that the peer challenge had identified new areas of work and had also helped to shape the community leadership programme in Sunderland.

7.6 The Knowledge Hub and LG Inform

7.6.1 As self regulation is a new and developing process there are a number of key resources which have the potential to be extremely useful for local authorities. The LGA seven point offer identified a number of, essentially free, resources that are there to support local authorities and help them develop their own self regulation approach. The report has already explored the peer challenge aspect to this offer but two other resources merit closer investigation, the Knowledge Hub and LG Inform.

7.6.2 The Knowledge Hub is essentially an on-line platform that allows the building of professional networks. It has the potential to be extremely useful to both individuals and organisations as the hub will collect information and data from local authorities. The Knowledge Hub will be available for anyone to join who has a .gov email address which includes Members and officers of Sunderland City Council. The hub works in a similar fashion to Facebook and allows individuals to join various groups on the hub or create new groups. Groups focus on a particular issue and allow for a sharing of information, thoughts and/or opinions, e.g. groups could be created to discuss recycling, high cost credit or low carbon vehicles etc. This is in essence providing a vehicle for the collection of knowledge from a sharing of experiences.

7.6.3 As the network on the Knowledge Hub increases and becomes much broader in focus it could have real potential for use in the scrutiny field and in particular for gathering evidence and opinions in relation to the various policy reviews that are conducted. There is also the potential to hold web chats and conference calls through the hub which could reduce travel and expenditure implications.

7.6.4 Another potential implication of the Knowledge Hub is to support programme delivery, professional development and also build professional networks that allow local authorities to learn from the experiences of others. Members recognised one of the key drivers for the Knowledge Hub was that of cost effectiveness and the efficient use of limited resources.

7.6.5 Local Government (LG) Inform is an online service allowing councils to collate and compare essential data at both high and detailed levels. LG Inform draws on data from central and national sources, such as government departments and the Office for National Statistics (ONS). Councils also have the ability to use LG Inform to input their own local data. Users will be able to gain insights into current performance from the results of data comparison which could ensure more careful and informed decision making based on the available evidence. Longer term, the full service will be hosted within the LGA's other online tool – the Knowledge Hub.

7.6.6 LG Inform includes components of performance management, benchmarking and data analysis. The Metrics Library contains national data sets that show local performance against the national picture. It was interesting to note that local

authorities were also showing interest in uploading local data and sharing this with other councils, similar to benchmarking. LG Inform also contains tools to interrogate the Metrics Library to present and analyse data; e.g. bar charts, graphs, pie charts etc. All these tools can be used to customise reports within LG Inform so that information can be shared.

- 7.6.7 Scrutiny Members queried who would be responsible for the data on LG Inform and it was noted that this would be one of the key challenges for the local government family. Previously compliance returns for national indicators etc was mandatory and the audit commission and other inspectorates used to collect this information but in the changing landscape of local government performance it is now a matter of 'goodwill', it will very much be up to individual authorities to decide on which data sets they continue to share and also what new data sets are developed.
- 7.6.8 Members were advised that the Council was reviewing the benefits of utilising the LG inform as part of its performance management arrangements. Members were advised that it was still very much in its developmental stages, currently had limited value and it was noted in relation to this aspect that Sunderland was looking to develop protocols to ensure that any data provided had been through appropriate data validation checks and to ensure the quality and accuracy of the data. The onus to supply and input data onto LG Inform was very much with local authorities and it could be argued that this was where LG Inform would succeed or fail. Members were keen to learn that discussions were taking place in the North East about developing a basket of indicators for benchmarking across the region that are seen as relevant to the area, of which something similar is underway in the London Boroughs.
- 7.6.9 Members also recognised the potential benefits of such tools and resources for both Elected Members and Officers of the Council and felt that training for key stakeholders including Members, Scrutiny Officers, Account Managers should be made available.

7.7 The Role of Scrutiny in Self Regulation

- 7.7.1 Within an environment of decreasing governmental prescription and inspection and a greater freedom for local authorities to exercise more accountability and transparency there is a crucial role for local arrangements in holding local decision makers to account. Overview and Scrutiny Committees are an integral part of these local arrangements and are well placed to take a significant role in the development and practice of self regulation.
- 7.7.2 Research carried out by the Office of Public Management has identified 8 important principles for effective internal review and challenge within local authorities:
- (a) A clear role & purpose within the council's governance arrangements;
 - (b) A valued contribution to good governance;
 - (c) Focus on important or key issues;
 - (d) Lead and build organisational confidence in challenge;
 - (e) Use strong evidence basis for reports & recommendations;
 - (f) Aim to influence the council;
 - (g) Develop a non-party political and inclusive culture; and
 - (h) Provide the foundation for review and challenge of organisations outside the council.

- 7.7.3 Members in discussing these 8 principles noted that in reference to scrutiny the aim was to influence the Cabinet, rather than the council, by way of the policy reviews conducted and the recommendations put forward as a result. Members highlighted the importance of the various governance vehicles including scrutiny having the ability to make Cabinet and the decision makers stop and think.
- 7.7.4 In discussing scrutiny's ability to focus on the key issues it was acknowledged that the work programmes of the various committees reflected an awareness of corporate priorities and the wider concerns of the public. It was also noted that the views of the public, community groups and key stakeholders was frequently taken into account during evidence gathering as part of the policy review work undertaken by the scrutiny committees. Another important aspect of engaging with the public is the ability of scrutiny committees to co-opt members of the public, professionals or experts in a specific issue onto a committee to broaden and enrich its knowledge in a certain issue. Scrutiny committees in Sunderland have been particularly effective in this area and the Children, Young People and Learning Scrutiny Committee and the Health and Wellbeing Scrutiny Committee have both been at the forefront of using expertise from a wide range of stakeholders and partners to strengthen the committees.
- 7.7.5 The issue of a non-party and inclusive culture was also discussed and it was recognised that scrutiny had strived to remain relevantly non-political and inclusive. However there was also the acknowledgement that scrutiny operated within a political arena and had local politicians at its very heart and there was always the need to be mindful of the potential political dimension.
- 7.7.6 Members at the workshop also highlighted the difficulty in engaging organisations outside the council. Members had experienced first hand the difficulties in getting organisations to attend scrutiny meetings, particularly where there was no statutory obligation for an organisation to attend. The Health and Wellbeing Scrutiny Committee was noted as an exception and had been able to engage and challenge outside bodies effectively.
- 7.7.7 Members recognised that the majority of the principles outlined were already being carried out effectively within the scrutiny environment and noted that the policy review work of the various committees used many of these principles routinely. It was therefore acknowledged that scrutiny was already well placed within the organisation to offer effective internal review and challenge.
- 7.7.8 The Centre for Public Scrutiny has undertaken work around the self regulation agenda and produced an accountability works for you framework. This aims to be a flexible, proportionate, locally-led framework that allows for the investigation of decisions, becoming more accountable and transparent and better involving local people. It was pointed out that the framework was not an accreditation regime, an assessment or tick box exercise. Importantly it can be used for any scale, size or location and tailored to that organisations precise need.
- 7.7.9 Some of the key benefits of the framework included:
- (a) Enhancing public trust – think and act constructively on good governance;

- (b) An Opportunity – to introduce more thinking around accountability, transparency and inclusiveness to decision making process;
- (c) Improve productivity and performance - provide assurance to the public through a robust local governance regime as central government inspection is scaled back;
- (d) Delivering better services – the framework can help to build better, more responsive and more effective services for clients and customers; and
- (e) Working in a different way – the framework can help to prepare the way for successful commissioning, shared services and partnership working.

7.7.10 The CfPS have been piloting the framework with a number of organisations over the last six months. The organisations worked with have found that the framework has provided them with significant assistance both in improving their governance arrangements, and getting them ready for major transformational change. **Appendix 1** of this report provides further details on these pilots.

7.7.11 Members were also informed that in discussions over the 4 workshops the various strands to self regulation, it was important to remember that although much of the landscape was changing there were still a number of inspection regimes that remained. The Head of Performance Improvement highlighted the recent Ofsted inspection of safeguarding and looked after children in Sunderland which demonstrated that robust inspection still existed and in particular to those services related to the most vulnerable in society.

7.7.12 Members also expressed concern at how self regulation would be able to detect local government ‘failure’ and that this was potentially the next big issue. It would be important and would require good self awareness for individual councils to define under performance. The development of regional networks was also seen as positive and could provide a collective response, which could have greater weight, to national consultations and policy direction. Members highlighted that scrutiny already worked on a regional level with a North East Regional Network for scrutiny embers and officers and also a regional health network. The risk of fragmentation as evident and members acknowledged the need for regional, sub-regional and local scrutiny had never been stronger in light of the self regulation agenda.

7.7.13 Members also pointed out that it was important not to become over reliant on outside bodies in relation to Sunderland’s approach to self regulation. Members recognised that the scrutiny function in Sunderland had developed and progressed into an effective mechanism within the local authority and this should be the starting point for future development in light of self regulation.

8 Conclusions

The Committee made the following overall conclusions:-

8.1 The self regulation agenda is a major shift in direction from central government. There is now a greater focus for local authorities on developing and monitoring their own performance and ensuring transparency and accountability. The importance of council’s evidencing service delivery and the impact of outcomes takes on much greater significance. This is a new and emerging agenda and one

that will require local authorities to develop their own approaches that are fit for purpose, and proportionate as well as looking to the sector as a collective for support and additional resources.

- 8.2 The Local Government Association has looked to lead the way and offer support and guidance to local authorities around this agenda. The publication of 'Taking the Lead' in 2011 highlights the responsibility on councils to ensure they are held locally accountable and continue to support each other through self regulation. The LGA acknowledge that this is not a prescribed system for adoption and throughout this review Members have stressed the importance of developing and using measures and metrics which best reflect the priorities of this local authority. The LGA seven point offer is also useful in that it provides a number of tools, techniques and resources which can help local authorities in enhancing their own approaches. These tools and techniques are a mixture of existing and new approaches and can provide useful support particularly in these times of limited resources.
- 8.3 Adult social care is heading along a pathway of sector led improvement and there is very much a regional approach in this respect. The local account is a cornerstone of accountability within adult social care services and will provide the evidence in relation to public engagement, service priorities and outcomes. There is a real opportunity for scrutiny to provide an aspect of the challenge and review in respect of the local account. This would ultimately enhance lines of accountability within the service directorate and the local authority.
- 8.4 While there is a large degree of scaling back in relation to inspection regimes certain frameworks and assessment remain, in particular those within Children' Services. A recent Ofsted inspection of safeguarding within the local authority highlights just how much of this inspection regime remains. The benefits of peer challenges are highlighted within the report and the resulting action plans that arise from such challenges are extremely valuable to service and outcome improvements. Again scrutiny is well placed within the authority to hold such action plans to account, and similar to the local account, can provide the evidence to demonstrate progress and improved service outcomes.
- 8.5 The Knowledge Hub and LG Inform are valuable new resources for local authorities. However, their value is tempered by the non-statutory nature of these resources. It is very much up to individual organisations on how they feed into this resource and there is a danger that data could be patchy, inaccurate or incompatible. The local authority and performance officers must decide how to take this forward and make sure that dialogue is ongoing at both a regional and national level to ensure that this resource provides a useful tool to local decision makers across the region and country.
- 8.6 The benefits to this resource were clearly identified by Members of the Committee and it was highlighted that such a resource should be available to both Elected Members and relevant officers. As the Knowledge Hub and LG Inform develop and expand it would be advantageous to look at training Members and key officers in how to interrogate and get the most from such systems.
- 8.7 Scrutiny is well paced to be a key piece of the self regulation framework. The majority of the principles outlined for effective internal review and challenge are already imbedded into the way scrutiny operates within the local authority. It will be important, as the self regulation agenda develops, that scrutiny plays an integral

part in the accountability framework of the organisation. As new governance arrangements are imbedded to comply with central government legislation there is risk that new structures and models could effectively bypass or not involve the scrutiny function. It will be important that the organisation looks to address this as feasibly as possible to ensure scrutiny is not undervalued and continues to provide elected members with a key role in challenging and hold the organisation to account.

9 Draft Recommendations

9.1 Management Scrutiny Committee has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The Committee's key recommendations to the Cabinet are as outlined below:-

- (a) That the council takes up the LGA's offer of a free corporate peer challenge to support the council's improvement journey;
- (b) That the council considers, where appropriate, peer challenges in those service areas where the use of peer challenge is seen as aiding improvement;
- (c) That the findings of peer challenges and inspections and assessments, including the adult social care local account, are reported through the scrutiny process as part of the governance processes of the council;
- (d) That all elected members and relevant support officers including account managers and scrutiny officers are afforded the opportunity to gain an awareness, understanding and ability to utilise the Local Government Knowledge Hub;
- (e) That scrutiny champions and scrutiny officers use the Knowledge Hub as a source of information and data in relation to policy review work; and
- (f) That the council remains aware of the developments to sector led approaches, including the Knowledge Hub, as part of the self regulation agenda ensuring that such approaches are adapted and adopted, as appropriate, into the council's performance management framework.

10. Acknowledgements

10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- (a) Mike Lowe – Head of Performance Improvement – Sunderland City Council;
- (b) Caryl Macbeth – Associate Lead for Performance & Improvement– Sunderland City Council;
- (c) Kelly Davison-Pullan - Lead Officer for Corporate Performance – Sunderland City Council;
- (d) Lee Wilson - Performance & Intelligence Officer - Sunderland City Council;
- (e) Meg Boustead – Head of Safeguarding– Sunderland City Council;

- (f) Graham King – Head of Strategic Commissioning HHAS– Sunderland City Council;
- (g) Mark Edgell – LG Improvement and Development Regional Associate – Local Government Group.

11. Background Papers

11.1 The following background papers were consulted or referred to in the preparation of this report:

- (a) Taking the lead: self-regulation and improvement in local government. Local Government Group. 2011
- (b) Accountability works for you. Centre for Public Scrutiny. 2011
- (c) Accountability works for you: interim report. Centre for Public Scrutiny. 2011
- (d) The seven point offer. Local Government Group. 2011

CfPS Accountability Works For You Framework

Pilot Studies

The framework involves five separate stages – the formation of a project group, a high-level evaluation, in-depth analysis of a couple of key cross-cutting issues, the formulation of an action plan and finally evaluation and monitoring. As part of the process of developing the framework, we have been working since February 2011 with a number of organisations to work through these stages. Work with two of them – both local authorities – has progressed far enough for us to be able to draw serious conclusions from observing the framework operating “in practice”. Because some of their and our findings on the strength of their governance structures were quite challenging, we have agreed for the moment to anonymise them in the publicity we produce.

Council A is a county council operating the leader and cabinet model for decision making. It is high-performing, and has had some significant successes in engaging with the public in an innovative way around budgeting and decision-making (having been cited by a number of organisations as an exemplar of good practice in this regard). However, in the face of organisational change, coupled with a feeling that opportunities for meaningful, continued community engagement have not been followed up, they considered that more work was necessary to ensure that accountability and transparency issues took centre stage. They wanted to look at the way that our framework could help them to open up decision-making and improve productivity.

For council A the high-level evaluation (HLE) was carried out as a desktop exercise by officers. The HLE started to explore some of the underlying governance issues. It crystallised a number of issues – and opportunities – which had previously been difficult to discern or describe. In particular, it helped the council to understand what accountability means in an era where Audit Commission inspection is being removed, being replaced by a more citizen-focused attitude which highlights the need for direct democracy and/or more responsive decision-making.

CfPS worked with council A to extract some cross cutting themes from the HLE. The intention in doing this was to move away from the temptation to adopt individual process solutions to particular, isolated problems or concerns highlighted by the HLE itself. The three main areas for further investigation were:

The need for more local and streamlined decision making. The HLE suggested that decisions had in the past been made centrally. This may reflect wider issues around organisational culture and control. Moving to a more locally-based system for making some decisions would involve a significant change in approach.

Performance and improvement. This links in with plans for local engagement and wider issues around accountability. It was thought that there may be cultural issues to tackle in ensuring that information is made available in such a way that allows constructive comment on matters relating to improvement – particularly through overview and scrutiny.

Broader cultural attitudes. It was apparent that there was a culture of compliance and reaction to external stimuli; an understanding of the importance of public involvement, but a lack of managerial and executive commitment to see it through; an unwillingness to cede control over decision-making to others under certain circumstances (particularly to the public).

Steps were principally put in train to tackle these three issues as part of the development process for a Performance Management Strategy. This combines the in-depth analysis and action-planning in the AW4U framework.

At the time of writing, the strategy is still in draft. As it stands it places more of an emphasis on integrating the views of the public, partners and non-executives in the decision-making process. It suggests the establishment of an entirely new, and quite radical, approach to business planning, typified by transparency and openness. Authority A have committed to continue working with us as these plans develop.

Council B is an urban council with an executive mayor. Suggestions have been made that decision-making – including by individual senior decision-makers – is geared towards supporting and protecting particular interest groups rather than the community at large.

Council B is consequently keen to enhance the way that the mayor engages both with the community and with other councillors, and to enhance its governance arrangements overall. Transparency is seen as particularly important in gaining and building public trust.

Further to evidence from two scrutiny reviews carried out in 2010/11, and conversations amongst several council colleagues, a HLE was carried out. As with council A, this was a desktop exercise.

As with council A, the HLE found that there was more of an emphasis on the process, rather than the outcomes, of accountability and transparency. In particular, there is perhaps too much of an emphasis on set-piece consultation rather than ongoing inclusion. There seemed to be a disconnect between governance/decision-making and local residents that may arise from this approach. Business planning appeared opaque, making it difficult for the public or non-executives to influence decision-making. There was not much evidence that, apart from meeting statutory requirements, the council makes information available in a way that is actually useful to service users. Accountability and governance across partnerships are also fragmented. When it is considered, accountability is discussed as a standalone issue, rather than as an integral part of wider improvement.

At this stage, the process for deciding which issues to take forward for further discussion is under way.

Lessons Learned

The organisations we've worked with have found that the framework has provided them with significant assistance both in improving their governance arrangements, and getting them ready for major transformational change.

Investigating, evaluating and improving governance can be perceived as risky – but there are substantial potential rewards for organisations that do so;

Commitment to using the framework needs to be given from the top of the organisation, recognising that that the framework can, and should, be challenging;

The framework needs to be shown to be flexible, while still providing a useful tool which is not too vague. This has been a difficult tension to resolve, but the latest version seems to strike the right balance;

Organisations using the framework need to put aside enough time to plan their work. Adequate resourcing is also needed, which is why CfPS has developed an offer alongside the framework itself of external assistance, provided by our Expert Advisers;

The “high level evaluation” (the part of the framework that involves a series of questions about the culture of accountability, transparency and involvement in the organisation) can be carried out as a desktop exercise, but further investigations require the involvement of a wider group of people – including councillors, service users and communities;

External assistance may be crucial at certain key stages in the framework – such as the identification of cross-cutting themes for further investigation and drawing up clear action plans.

What Happens Next

Since February, there has been refining of the framework. In particular:

built in to the high-level evaluation a series of “positive” and “negative” qualities to help people understand more clearly the questions that are being asked;

amended the whole framework to give more of a clear emphasis to the importance of equality and fairness in dealing with the public and other stakeholders;

explained more simply how the in-depth analysis element of the framework might work;

provided three hypothetical, but realistic, examples of organisations using the framework, to make it more real and relevant to prospective users;

put in more detail about the in-depth analysis that follows the high level evaluation.

We are now publishing the revised methodology for the use of the framework. This will be used for the next group of organisations who decide to use the framework. As organisations use it, and come back with their comments, we will continue to refine it. It is important that our methodology continues to change and develop as the context in which it’s used changes and adapts. We will make sure that future changes are made in an understandable and transparent way by ensuring that updates happen at regular intervals, and making clear when this occurs. We are planning to make the first revision to the framework in October 2011.

By October 2011 we hope that our work with the pilot councils will have been completed. At that time, we will publish a final report, with full information on the difference that using our framework has made to their culture and approach. We will also provide an update on other participants, including CfPS itself, which is using the framework to evaluate its own governance and accountability arrangements.

**MANAGEMENT SCRUTINY COMMITTEE
THURSDAY 19TH APRIL 2012**

PERFORMANCE REPORT QUARTER 3 (OCTOBER TO DECEMBER 2011)

REPORT OF THE CHIEF EXECUTIVE

1.0 Purpose of the report

- 1.1 The purpose of this report is to provide Management Scrutiny Committee with a performance update relating to the period October to December 2011. This quarter the report includes a summary of:
- Key Performance issues for the period October to December 2011 reported to each scrutiny committee
 - Progress in relation to a range of 'Corporate Health' indicators relevant to Management Scrutiny.

2.0 Background

- 2.1 Performance reports provided to Scrutiny Committee prior to March 2011 were based on performance indicators from the previous government's national indicator list, with a particular focus on those prioritised within the Local Area Agreement. In October 2010 the Coalition Government announced the deletion of the National Indicator set and also announced that from April 2011 there would no longer be a requirement for council's to produce an LAA. Both announcements signalled a move towards self regulation and improvement with more flexibility to report against local priorities using a set of locally determined measures.
- 2.2 For 2011/12 and beyond the Council's aim is that performance reporting should be focused on the key priorities for the people, place and economy of Sunderland. This new approach will be reflected in the performance reports and evolve and develop over 2011/12. Performance reports will include former national performance indicators reported to scrutiny committee adopted into the local performance framework for 2011 – 2012 (and those that continue to provide performance reporting relevant to the key issues and priorities for Sunderland will continue be part of the reporting framework for 2012 – 2013). In addition as part of the Council's annual planning arrangements, consideration is also being given to identifying new localised performance measures which will also be needed to support a robust performance framework tailored to local needs. These will be reported to the relevant scrutiny committee as appropriate and some of these new measures will be reported in 2011/12, where information is available and adds value to the review of performance. Members should also be aware there are also some former national indicators that are no longer available and have therefore been removed from the performance framework.
- 2.3 Attached at Appendix 1 is an extract of the basket of indicators that the Council has identified within the performance framework for 2011-2012 that demonstrate progress against priorities that fall within the remit of this committee.

At the end of 2010/2011 Management Scrutiny Committee received a performance report summarising performance for the year. With the demise of the LAA it was proposed, that future quarterly performance reports for Management Scrutiny should draw together the key themes and issues reported to each of the other scrutiny committees.

- 2.4 In addition to an overview of performance reported to each scrutiny committee, this report includes an update against the basket of 'Corporate Health' indicators traditionally reported to Management Scrutiny Committee. These include (former) national and local performance indicators that reflect the corporate responsibilities of the Local Authority. For 2011/12 these have been updated and reviewed to ensure that these are still relevant and attached at Appendix 1 is an extract of progress against these indicators (produced by *Performance Plus*, the council's corporate performance management software system).

3.0 Overview of 2011/12 Quarter 3 Performance reported to Scrutiny Committees

3.1 Community and Safer City

- 3.1.1 The report gave an overview against the themes of anti-social behaviour, overall crime, reducing offending and re-offending and perceptions of safety.
- 3.1.2 Anti-Social Behaviour - There were 4514 anti-social behaviour incidents during quarter 3 of 2011/12. This is an improvement on the previous quarter, down from 4929 and a reduction of 415 incidents. There has been a significant fall in anti-social behaviour for year to date (April-December), down from 20356 to 14515, a reduction of 29%.
- 3.1.3 Overall Crime - Total crime for the quarter October– December 11 stood at 4471, down 1% on the previous quarter. There has been a 5% reduction for the year to date (April-December 11); down from 14226 to 13534, this is against a target of 2%. Sunderland currently has the 3rd lowest crime rate (out of 15 partnerships) within its peer group of similar community safety partnerships (iQuanta). Violent crime, criminal damage and Assault with less serious injury have all reduced in the latest quarter, however, serious acquisitive crime and most violent crime increased. Members were asked to note that seasonal variations can occur thus longer term trends were provided in the appendix of the report.
- 3.1.4 Reducing Offending and Re-offending - The reductions in the numbers of children and young people aged 10-17 offending for the first time (first time entrants) has been maintained in quarter 3 following significant reductions in previous years. Members were advised that a new national measure for re-offending is being introduced for both young and adult re-offending with data available from April 2012.
- 3.1.5 Perceptions of Crime (Feelings of Safety) - 95% of respondents of the Safer Communities Survey felt very or fairly safe living in their local area of Sunderland. This is comparable to the Northumbria Force average of 96%. Results were lower when respondents were asked how safe they felt their council area as a whole.

77% of respondents thought Sunderland was very or fairly safe, this was lower than the force average of 86%. Members were advised that further information regarding the latter statistic was circulated to members following the last scrutiny report.

3.2 Health and Wellbeing

- 3.2.1 The report gave an overview against the themes of adult social care, adults health and wellbeing and children and young people's health and wellbeing.
- 3.2.2 Adult Social Care - There has been a significant increase in the percentage of new and existing customers receiving self-directed support from 31.81% in 2010/11 to 61.65% for the period 1 January 2011 to 31 December 2011. The number of people aged 18 to 64 admitted to permanent residential and nursing care has increased to 28.02 per 100,000 population aged 18 to 64 for the period 1 January 2011 to 31 December 2011, a substantial increase from 10.09 per 100,000. The number of people aged 65 and over admitted to permanent residential and nursing care has increased to 872.10 per 100,000 population for the period 1 January 2011 to 31 December 2011, a substantial increase from 762.01 per 100,000 population. The number of delayed transfers of care has increased from 11.3 per 100,000 adult population in 2010/11 to 13.2 per 100,000 adult population for the period 1 April 2011 to 31 December 2011.
- 3.2.3 Adults Health and Wellbeing – An overall measure of health and wellbeing can be considered in terms of overall mortality rates. The latest figures for mortality show there is a continued higher rate of mortality amongst males than females in Sunderland; 567,000 per 100,000 of the population for females compared to 795,000 per 100,000 of the population for males. Key to improving the health and wellbeing of residents within the city is reducing the incidence of life style choices that have a clear link with poor health such as smoking and excessive consumption of alcohol. Latest performance data for the stop smoking services shows a marked improvement over the last three months, with numbers increasing from 825 quits in Quarter 1 to 1675 quits at the end of Quarter 2. This is up on performance at the same point last year (1445 quits) and is above target for Quarter 2. The latest available figures for alcohol admissions relate to June 2011 and show a slight increase on the same time previous year; from 729 per 100,000 June 2010 to 739 per 100,000 June 2011, an increase of 2.2%. This compares favourably with the North East trend (a 4% increase) and is close to the 2% increase experienced nationally.
- 3.2.4 Children and Young People's Health and Wellbeing - Quarterly prevalence of breastfeeding has improved quarter 2 (July to September 2011) to quarter 3 (October – December 2011), from 20.7% to 27% and is above the performance for the same period last year (October to December 2011) when performance was at 21.5%. Obesity for children in year 6 has slightly increased, however, Obesity for children in reception year has slightly declined. Annual data which relates to the year ending December 2010 shows that the under 18 conception rate has reduced from 52.8 per 1,000 pop in 2009 to 50.1 in 2010, representing a real reduction from 288 to 264 conceptions. At the end of quarter 3, 7,986 Chlamydia screens have taken place, representing 20% of target population screened which is in line with

the national average at 20.3%. The percentage testing positive is 9.3%, which is higher than national average at 7.3%.

3.3 Children, Young People and Learning

3.3.1 The report gave an overview of performance in relation to the themes of being healthy, staying safe and enjoying and achieving.

3.3.2 Being Healthy – Data on children and young people’s health reported to Health and Wellbeing Scrutiny was also reported to Children, Young People and Learning Scrutiny (see above).

3.3.3 Staying Safe - The number of initial assessments that were carried out within timescale have decreased from 80.91% in the same period last year to 72.9% for the period October to December 2011. The number of core assessments that were carried out within timescale have improved, however, from 73.67% in the previous year to 81.44% at the end of December 2011. Between 1 April 2011 to 31 December 2011, 371 children have become subject to a Child Protection plan, with 64 (17.25%) of them doing so for a second or subsequent time. As at 31 March 2011, 95 of the 131 (72.5%) children aged under-16 who had been looked after for at least 2.5 years had the stability of living in the same placement for at least 2 of those years. Performance has deteriorated slightly in recent months, with 87 of the 124 (70.16%) being in stable placements as at 31 December 2011, below the 2011/12 target of 75%. Of the 398 children looked after as at the 31 December 2011, 37 of them have had three or more placement moves in the previous 12-months, equating to 9.30% of the looked after population. This is an improvement on the 2010/2011 outturn of 10.20%.

3.3.4 Enjoying and Achieving - At the September committee Members received a detailed report on the annual attainment performance of Sunderland schools. There is therefore no further update for this performance report. The percentage NEET is 9.1% for the November 2011 to January 2012 average statutory reporting period, which is 0.6% points higher than the same period the previous year (8.5% using new 11/12 methodology), but in line with Tyne and Wear NEET at 9.0%.

3.4 Environment and Attractive

3.4.1 The report gave an overview across a number of priority areas including recycling, cleanliness standards, planning, transport, road safety, highways and accessibility. Issues highlighted in the report included:-

3.4.2 Street and Environmental Cleanliness – Across the four aspects of litter, detritus, graffiti and dog fouling the only aspect where there was an increase in unacceptable levels was in relation to litter. This was a very marginal increase of 0.04%. The figures were based on the inclusion of a survey of the centre between Christmas and New Year for the first time as well as the inclusion of back lanes in the city centre for the first time also.

- 3.4.3 Recycling - The amount of municipal waste sent to landfill has also continued to be reduced to 61% in October to December 2011 from 67.5% in October to December 2010. This is in line with improvements in recycling performance.
- 3.4.4 Planning - The percentage of major applications processed within 13 weeks has remained stable from last quarter at 84%. The percentage of minor applications processed within 8 weeks fell marginally from 91.2% in quarter 2 to 90.6% in quarter 3. The percentage of other applications processed within 8 weeks also fell marginally from 96.2% to 95.7%.
- 3.4.5 Road Safety - The basket of road safety indicators shows continuous improvement compared to last year including the number of people and the number of children killed or seriously injured or slightly injured on our roads remains low with fewer casualties in the first 9 months of 2011/12 when compared with the first 9 months of 2010/11.
- 3.4.6 Highways and Accessibility – There was no significant update relating to these themes.

3.5 Sustainable Communities

- 3.5.1 The report covered the themes of equalities, housing, culture, sport and leisure and sustainability. Issues highlighted in the report included:-
- 3.5.2 Housing - The number of net additional dwellings built in England has been reducing on an annual basis since 2008/9, on average 16% fewer additional dwellings built per year. In contrast, Sunderland has seen an increase in the number of net additional dwellings in the same time period. Between 2008/9 and 2010/11 there was an average annual increase of 28.4%, from 190 net additional dwellings in 2008/9 to 380 in 2010/11. The scrutiny report for quarter 2 (July to September 2011) highlighted to scrutiny members a change in this trend and identified two factors, namely an increase in demolitions and a reduction in the number of new dwellings being built. At the end of December 2011, 550 households were prevented from becoming homeless. 89 more households have been prevented from becoming homeless in 2011/12 compared to the same period last year. At the end of December 2011, 79 fewer households have been accepted as homeless in 2011/12 compared to the same period last year.
- 3.5.3 Culture - The number of visits to/usages of the city's museums (at 1,221 per 1,000 population) is slightly above performance seen this time last year (at 1,201 per 1,000 population), however, the number of visits made in person (at 989 per 1,000 population) is slightly below performance for this time last year (at 1,041).
- 3.5.4 Sport and Leisure - The percentage of the adult population in Sunderland participating in at least 30 minutes of sport and active recreation of at least moderate intensity on at least 3 days a week, has decreased from 22.50% in 2010 to 21.30% in 2011. Sport volunteering in the city also declined. The latest results for 2011 show that participation in Sunderland (at 3.7%) fell below the national average of 7.3%. Attendance at the city's leisure complexes shows a decline in performance for both wet and dry visits compared to the same period in 2010/11.

The report highlighted that the free swimming initiative inflated performance in 2010/11. This programme has now ended and together with the economic downturn, this is having an impact on the figures seen so far in 2011/12.

3.6 Prosperity and Economic Development

- 3.6.1 The last performance report presented to Prosperity scrutiny committee highlighted to members that in developing a localised performance framework for Sunderland, the Economic Masterplan provides the key local target outcomes and that future performance reports would be structured around the Economic Masterplan outcomes. The latest data for the outcomes is given below.
- 3.6.2 More wealth creation - Data published in December 2011, relating to 2009 shows Sunderland's overall GVA in 2009 was £4,639m. GVA growth is a headline measure which reflects overall progress on economic development. Clearly these figures are several years behind and consequently do not reflect where the city is currently. The figure is complex and is affected by a number of factors, so it is difficult to predict what changes will have occurred since the onset of recession, but it can be assumed that in line with the UK economy, Sunderland's GVA will have declined somewhat following the trend of increasing unemployment, reduced Government spending, and reduced retail sales.
- 3.6.3 More businesses making more money - Figures for the number of active businesses in Sunderland declined by 5% over the two years 2008 to 2010, whilst the national figure only declined by 1%. Businesses starting up (births) in Sunderland also declined more steeply – by 23% compared to the national 12%. However, businesses closing down (deaths) did not increase as much in Sunderland, at 22%, as nationally at 34%. The decline in business births in Sunderland is a more significant factor than business deaths, in relation to the overall fall in the number of active businesses.
- 3.6.4 Higher employment - The percentage of working age people in employment in Sunderland for the quarter ended June 2011 was 63.2%. This has fallen since June 2009 when it had been 68.7%. In Sunderland the fall in employment over the two years to June 2011 was 5.5%. This was higher than the fall in the North East, of 1.7%; and higher than the national fall of 1.2%.
- 3.6.5 More jobs in the city centre - In 2008 there were 21,164 people employed in the city centre (including the self employed). The most recent figures, for 2010, show that figure falling back somewhat to 19,212. Despite that reduction, the city centre's share of all Sunderland employment rose from 16.9% in 2008 to 17.1% in 2010.
- 3.6.6 More people with higher level qualifications - The latest available data relates to the period Jan to Dec 2010. This shows 23.0% of the population are educated to NVQ level 4 which is an improvement of 2.1% against the previous year's 20.9%.
- 3.6.7 Higher earnings of residents - The earnings of Sunderland residents shows an increase of £6.30 in the average weekly pay in Sunderland in 2011 when compared to 2010 figures, taking the average wage to £422.70. This is lower than the North East region at £448.50 and lower than the national average at 498.30. The £6.30

increase in Sunderland, however, was higher than the regional increase of £5.10 and the UK figure of £0.20.

- 3.6.8 Citywide, the percentage of people receiving key out of work benefits increased from 17.2% in quarter 2 (July to September 2011) to 17.4% in quarter 3 (October to December 2011), this however, was a decline on the figures for the same period last year (October to December 2010) when figures were at 17.7%.

4.0 National and Local Corporate Health Indicators (Management Scrutiny Performance Indicators)

- 4.1 The basket of 'Corporate Health' indicators reported to Management Scrutiny Committee for the period of April to September 2011 includes 17 performance indicators. Of those 6 are improving in comparison to the same period last year, 7 are declining, and for the remaining 5 performance is either stable or it is not possible / appropriate to undertake comparative analysis e.g. previous data is not available for comparative performance.
- 4.2 The basket of 'corporate health' indicators covers the councils corporate responsibilities in respect of managing human resources, being an inclusive council, efficiency, effectiveness and value for money. The latter themes have been a significant area of focus for the Council as it has transformed to new ways of working. As the Sunderland Way of Working advances further, it is anticipated that this basket of indicators will adapt and change with a significantly revised indicator profile in place for 2012/13. Key performance updates are outlined below:

5.0 Human Resources and Being an Inclusive Council

- 5.1 The average number of days lost due to sickness was 6.94 in quarter 3, a reduction from 7.5 days for the same period last year. The Council is committed to improving the overall health of local communities and the wellbeing of employees. As many of employees live in Sunderland, ensuring a healthy workforce will not only improve attendance at work but will also contribute to a healthy city.
- 5.2 The Council's new Equality Scheme was agreed by Cabinet on 14th March 2012. This scheme replaces the previous Corporate Equality Scheme and the separate race, gender and disability equality schemes. This new version sets out how we will achieve our aspirations and meet our legal responsibilities relating to the Equality Act 2010 and the associated Public Sector Equality Duty. The scheme makes it clear to the people of Sunderland how we intend to meet their needs and how we have taken on their views. It includes a number of high level equality objectives that are aligned to the Council's emerging Corporate Outcomes Framework and other key areas of development. In order to meet our obligations under the Equality Act 2010 Specific Duties, an action plan will be published by the 6th April to show how we intend to make progress against the Equality Objectives.
- 5.3 By the end of Quarter 3, 1.4% of employees were from a minority ethnic community representing a marginal decrease from the 1.41% reported at the end of Quarter 2, but an increase on the 1.24% reported at the end of Quarter 3 2010/11. There remains some under-representation of Black and Minority Ethnic (BME) staff across

the Council compared to the BME population in Sunderland of 2.1% (2001 Census). The number of black and minority ethnic staff is unlikely to increase in the near future as the Council is not recruiting externally (except in schools).

- 5.4 By the end of Quarter 3, 1.97% of employees had declared themselves as having a disability, compared to 1.90% in Quarter 2 and 1.99% for the same period the previous year. This indicator relies upon employees declaring themselves as having a disability. As part of the next Employee Survey, staff will be encouraged to declare any disability they may have that they are currently not declaring.
- 5.5 The latest data for the top 5% of earners in respect of gender, ethnicity and disability is shown in the appendix of this report.
- 5.6 Employee composition in relation to gender and ethnicity is unlikely to change significantly in the near future due to the Sunderland Way of Working, which includes a commitment to filling vacancies internally, via the Internal Jobs Market, rather than recruiting externally.

6.0 Effectiveness, Efficiency & Value for Money

- 6.1 This includes for example: ensuring invoices are paid within timescale, all new claims and change events in Housing Benefit and Council Tax benefit are processed efficiently, and ensuring accurate billing and collection of Council Tax and of Business Rates. An overview of performance against these indicators is given in Appendix 1.
- 6.2 As part of the drive for efficiency and effectiveness, the council is committed to maintaining and achieving 97.40% against the former government target for 'the percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority'. This also impacts on the reputation of the council. During Quarter 2 performance outturn dipped marginally to 96.05% against the target. This was primarily due to large scale restructures following the new Way of Working, with many staff in a period of transition throughout the council, particularly those in the retained directorates. Within Transactional Finance a number of measures were put in place to quickly improve performance, including support for the retained directorates, which led to a performance outturn of 97.25% by the end of Quarter 3. This performance is 0.04 percentage points higher than the same period 2010/11, and is on course to achieve the annual target.
- 6.3 By the end of Quarter 3, the council had processed all new claims and change events in Housing Benefit and Council Tax benefit within an average of 7.24 calendar days (former National Indicator 181). Although a slight deterioration on the previous Quarter, it does represent another improvement on the 7.73 days taken during Quarter 1 and it does remain within the targeted 8 days. During the first three Quarters of the previous year (2010/11), claims were processed quicker within 6.88days – however, caseload has increased since that time and significant additional workload has been created by the Department of Work and Pensions ATLAS (Automated Transfer to Local Authority Systems). ATLAS is a mandatory tool used by DWP to feed information on Tax Credit case changes as part of the

preparation for the introduction of Universal Credit. Unfortunately, the majority of the information received to date has been incorrect and has resulted a significant amount of additional work. To achieve best performance, the service is working with DWP to resolve these issues and prioritising the work of new claims and change events, streamlining processing functions with new technology, and improving efficiencies through closer working with partners to maximise the use of e-enabled claims

- 6.4 Further, in relation to Housing Benefit, it is important to note that all National Indicators measure end to end performance, from the first point of submitting a claim, to the point of payment. This includes the time taken by the customers to supply missing information, correct information supplied, or to provide evidence such as payslips, which are all outside the control of the service. Therefore a Local Indicator is measured for the processing of new claims when all information is received. The stretching target for this indicator is 2.5 days. Quarter 1 performance was 2.53 days, quarter 2 was 2.48 days and quarter 3 was 2.50 days.
- 6.5 As well as processing claims, the council is also responsible for both the billing and collection of both council tax and business rates (NNDR) from tax payers in the area; the **collection of Council Tax (BV009)** came marginally under the Quarter 3 82.93% target at 82.57%, whilst **collection of business rates (BV010)** also came marginally under the 86.32% target at 85.94%. Collection of Council Tax has improved by 1.1 percentage points on Quarter 3 2010/11 and with more paying over 12 months (as opposed to 10 months in previous year) it is anticipated that the target collection rate of 97.5% will be achieved.
- 6.6 Collection of Council Tax continues to perform strongly, following historical trends of higher than average collection rates i.e. in 2010/11 Sunderland collected 97.5% compared to the metropolitan council average of 96.1%, despite having high levels of deprivation. Sunderland had the 4th highest collection for all Metropolitan Councils and highest in Tyne and Wear. The three metropolitan councils with higher collection rates are all in the south midlands and have very low levels of deprivation.
- 6.7 At the end of December 2011 the number of payers paying over 12-months by direct debit has increased on the previous year, with over three quarters of payers paying through this means - efficiency savings through less reminder letters and cashing costs have been achieved. The council has won five national awards in recent years from BACS recognising our achievement in council tax collection.
- 6.8 The collection of arrears remains important for the Councils finances and whilst there is no official indicator, benchmarking shows that the percentage of arrears collected is the highest in Tyne & Wear. At the end of the 3rd quarter £3m had been collected and it is anticipated that for the 2nd year running, overall arrears will reduce at year end. It is also worth noting that the amounts written off are much lower than Gateshead and Newcastle councils.
- 6.9 Historically, Business Rates has always had collection rates of over 99%. Collection rates have reduced over the last two years to 98.3% (2009/10) and 98.8% (2010/11) but remained high and well above the national average. However

the recession has had an effect on businesses in Sunderland which have seen an increase in the amounts written off (1%) due to companies ceasing to trade.

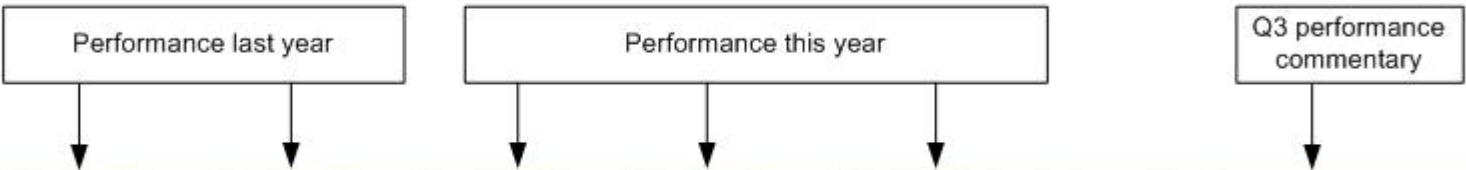
- 6.10 Performance of business rate collection has also been affected by a change in legislation that has increased the amount payable on empty properties which has also led to none or delayed payment by owners, and avoidance tactics. There are a number of court cases pending to deal with these issues.

7.0 Recommendation

- 7.1 That the committee considers the continued good progress made by the council and the Sunderland Partnership and those areas requiring further development to ensure that performance is actively managed.

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Report Key









Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 <> Q3	Commentary
The percentage of relevant land and highways that is assessed as having deposits of litter that fall below an acceptable level (NI195a)	5.00 %	3.00 %	1.33 %	2.33 %	2.38 %	✔	Surveys conducted every The litter score is slightly may be down to the fact city centre between Chris time we have surveyed th undoubtedly its busiest tir lanes in the city centre w

This is a Q3 comparison against Q3 last year. The symbols mean:





- Bigger is better and performance has improved 
- Smaller is better and performance has improved 
- Performance is stable 
- Bigger is better and performance has declined 
- Smaller is better and performance has declined 
- Information is not available 

Management - Performance Overview

Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 <> Q3	Commentary
The percentage of top 5% of earners that are women (BV011a)	47.12 %	49.38 %	47.14 %	45.60 %	49.20 %		The percentage of top 5% of earners that are women has improved from 45.6% in Q2 to 49.2% (compared to 47.12% at the same time the previous year). This figure relies upon staff turnover within a small comparative sample and the council is not currently recruiting externally.
The percentage of top 5% of earners from black and minority ethnic communities (BV011b)	2.52 %	2.54 %	2.22 %	2.11 %	2.22 %		The percentage of top 5% of earners from black and minority ethnic communities has improved from 2.11% in Q2 to 2.22% (although it has decreased compared to 2.52% at the same time last year.) Again, this figure relies upon staff turnover within a small comparative sample and the council is not recruiting externally.
% of the top paid 5% of staff who have a disability (BV011c)	1.39 %	1.44 %	1.50 %	1.42 %	1.83 %		These figures have increased both in comparison with Q2 (up from 1.42% to 1.83%) and with Q3 figures at this time last year (1.39%). Again the indicator relies on staff turnover, a small comparative sample and people declaring themselves as having a disability. The council will shortly be carrying out a review of its monitoring information to ensure that the figures being reported remain up-to-date.
The number of working days/shifts lost due to sickness absence (BV012)	7.50	10.25	2.12	4.17	6.94		Compared to Q3 in 2010/11, there is an improvement in the number of days lost due to sickness absence, which has reduced from 7.5 days to 6.94 days. If this performance continues throughout the year, it is predicted that the overall sickness levels for the council will show a significant improvement on last year.

Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 <> Q3	Commentary
The percentage of employees retiring early (excluding ill-health retirements) (BV014)	0.57 %	0.83 %	0.83 %	0.86 %	0.97 %		The council is now proactively supporting the management of early retirements as part of a raft of human resource interventions designed to support and enable the Sunderland Way of Working and the implementation of the Transformation Programme. The number of early retirements is expected to increase significantly in future and the current increased figures (0.97% up from 0.86% in Q2 and up from 0.57% in Quarter 3 last year) reflect this upward trend.
The percentage of employees retiring on grounds of ill health (BV015)	0.13 %	0.15 %	0.15 %	0.09 %	0.12 %		There is a very slight reduction year on year. There is strict criteria under the pension regulations that need to be met for someone to qualify for ill health retirement, which includes an assessment by an Independent Occupational Health Physician. The numbers of ill health retirements will be entirely dependent upon an employee's health condition and whether they have been independently assessed as meeting the criteria for ill health retirement.
The percentage of local authority employees declaring that they meet the Disability Discrimination Act 1995 disability definition (BV016a)	1.99 %	1.97 %	1.95 %	1.90 %	1.97 %	n/a	By the end of Q3 in 2011/12, 1.97% of employees had declared themselves as having a disability, compared to 1.90% in Q2 and 1.99% for the same period the previous year. This indicator relies upon staff turnover, people declaring themselves as having a disability and changes to employees' circumstances. The review of monitoring information for employees self-declaring a disability will ensure that figures remain up-to-date.

Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 <> Q3	Commentary
The percentage of local authority employees from minority ethnic communities (BV017a)	1.24 %	1.07 %	1.29 %	1.41 %	1.40 %	n/a	The proportion of employees from minority ethnic communities in Q3 is very similar at 1.4% to Q2 figures (1.41%), although higher than for the same period the previous year (1.24%). There remains some under-representation of Black and Minority Ethnic (BME) staff across the council compared to the BME population in the City of Sunderland (2.1% - 2001 Census). The number of black and minority ethnic staff is unlikely to increase in the near future as the council is not recruiting externally (except in schools).
The percentage of invoices for commercial goods and services which were paid by the authority within 30 days (BV008)	97.21 %	97.35 %	97.45 %	96.05 %	97.25 %	✔	Transactional Finance went live on the 30th June which included a change in the P2P (procure to pay) process, which is now done centrally. Changes throughout the Council have had an impact on performance due to staff movement/transition and actions have been implemented to resolve in particular those areas with a high volume of blocked invoices.
Percentage of Council Tax collected (BV009)	81.47 %	97.50 %	27.33 %	54.12 %	82.57 %	✔	Receipt of council taxes includes arrears payments. 12 monthly direct debit payers have increased from last year affecting current cash flow, which is due to be collected later in the year.
The percentage of non-domestic rates that were collected by the authority (BV010)	86.32 %	98.80 %	35.67 %	58.98 %	85.94 %	✘	The amount collected is 0.38 down on November. The number of empty properties and the avoidance tactics of ratepayers have affected collection rates nationally as well as locally. A number of court cases are also pending, which will help to recuperate this money.
Time taken to process new housing benefit claims when all client information is received (New LPI090).	?	?	2.53	2.48	2.50	?	In terms of the time taken to process housing benefit claims once all required information is supplied by the client, we are currently achieving our intended target of 2.5 days. This is a new local measure collected from 2011/12.

Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 <> Q3	Commentary
The average number of days taken for processing new housing benefit claims (BV078a)	17.99	17.71	18.65	18.57	18.95		There was a slight downturn in performance at the beginning of quarter 3, but is still within target performance. The service continues to closely monitor performance; streamline processing functions with new technology; improve efficiencies through closer working with partners to maximise the use of 'e' enabled claims, which will improve performance.
Average number of days taken to process notifications of changes of circumstance to housing benefit claims (BV078b)	5.95	5.06	6.50	6.14	6.19		Performance remains on target this quarter. We also intend to maximise the use of new technology to streamline processing functions and introduce 'e' enabled reported changes to allow customers to report changes on-line. Focus will remain on processing changes quickly in order to achieve the target.
The percentage of housing benefit overpayments recovered as a % of HB deemed recoverable overpayments (BV079bi)	79.08 %	78.57 %	68.29 %	80.94 %	72.50 %		Legislation in relation to the Local Housing Allowance has influenced a higher proportion of benefit being paid directly to the tenant rather than to the landlord, making it more difficult to recover overpayments and as a result, targets are to be amended to reflect this for next year. This will be in-line with nationally amended targets.
Level of Equality on a scale of 1 to 3 \n\n1= Developing \n2=Achieving \n3=Excellent (LPI017)	Achieving	Achieving	Achieving	Achieving	Achieving		The Council's new Equality Scheme was agreed by Cabinet on 14th March 2012. In order to meet obligations under the Equality Act 2010 Specific Duties, an action plan will be published in April 2012 to show how the council intends to make progress against the equality objectives. The action plan will include actions aimed at making progress towards achieving a rating of 'excellent' against the level of equality judgement.

Performance Indicator	Q3 2010/11	Q4 2010/11	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q3 < > Q3	Commentary
Value of overpayments identified during housing benefit investigations (LPI067)	?	£590,354.00	£217,675.00	£432,555.00	£706,914.00	?	New case management arrangements have been put in place for the current year which is helping to prioritise the workload more effectively and ensure that cases are progressed in a more timely manner. There has also been some successful cases identified through the Audit Commission's data matching exercise. A 2010/11 quarter 3 update is not available for this measure.
The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit (NI181)	6.88	6.06	7.73	7.16	7.24	✖	Performance remains on target this quarter and staff are aware of current performance. Focus remains on processing new claims and change events quickly. Close monitoring of performance continues and we will maximise the use of new technology to streamline processing functions.

Localism Act 2011

Report of the Deputy Chief Executive

1. Purpose of Report

- 1.1 To provide Committee with details of the Localism Act 2011.

2. Localism Act

- 2.1 The Localism Act gained Royal Assent in November 2011. The process of bringing the Act into force began immediately following the receipt of Royal Assent, when a number of regulatory powers necessary to lay the groundwork for the introduction of the main legislation were brought into effect.
- 2.2 A number of more substantial provisions were brought into force in January, principally new arrangements to enable councils to move to a committee system of governance. In addition, a number of further regulatory provisions have come into force, together with a number of transitional provisions, notably covering the move to a new standards regime, and arrangement for local governance. Other parts of the Act including the community rights to challenge and bid and neighbourhood planning will come into effect in October 2012.

Commentary

- 2.3 The Act presents a difficult agenda for a local authorities that are responsible for providing services and enhancing the life chances of communities that suffer high levels of deprivation. Whilst the Council is committed to ensuring that it spends fairly and supports those communities that face the most entrenched problems, may not be the best placed to be able to exercise the rights introduced by the Act due to lack of awareness of the opportunities the Act provides, the ability of communities to organise themselves in respect of a particular issue or the lack of informed community activists..
- 2.4 A further area of challenge arises from the fact that the Act doesn't clearly define a role for Elected Members. The Council's Elected Members are Community Champions who will work with communities to enable them to use the new powers they have under the Act – they are democratically accountable local representatives, and should have a pivotal role in this agenda. The Government has failed to recognise the enthusiasm and status that elected members have and ensure that they are not sidelined by a focus on unelected community activists.
- 2.5 The Act provides challenges for changes to local authority business models. The Council will need to take further action to understand the challenges at a detailed level, including how capabilities and structures

may need to evolve to meet future roles and responsibilities. This will include the need to develop new frameworks for performance management and accountability that meet the specific requirements of a local service, and test these models against user experiences, this work is already ongoing and we are reviewing area governance arrangements, Local Area Plans and work programmes.

- 2.6 There are many provisions within the Act which have the potential to place further resource pressures on councils in already difficult times. These include local referendums, the community right to buy and to challenge and Neighbourhood Plans and Development Orders. The Government will need to provide clarity about the resources that will be available to councils to enable the delivery of these provisions when they come into effect. This concern is particularly acute as councils are unable to be able to accurately predict the numbers, and therefore the cost, of responding to these requests.
- 2.7 The following sections focus on the main contents of the Act.

3. Local authority governance arrangements

- 3.1 In addition to the leader and cabinet mayor and cabinet models councils now have the option of adopting a committee system. It will also be possible for councils to propose an alternative model which can be accepted by the Secretary of State if it meets certain criteria.
- 3.2 Under the committee system, authorities will in the main be able to decide their own decision making structures, and it will be possible for a full council to discharge all of its functions or to delegate certain functions to a committee, sub-committee or an officer. The Secretary of State will use regulations to specify any functions which may not be delegated and which must be exercised by the full council.
- 3.3 Authorities operating the committee system are not required to operate a formal overview and scrutiny committee; where they do, the Secretary of State may prescribe by regulations how the system is to operate. Requirements for health, flooding, and community safety scrutiny will apply to committee system authorities – these may be the responsibility of a relevant committee or of a separate scrutiny committee.
- 3.4 The Act also provides an option for councils to propose arrangements which may then be approved by the Secretary of State, and set out in regulations that would apply to all local authorities in England.

Commentary

- 3.5 The Act consolidates existing governance arrangements and makes some significant changes, particularly welcome to authorities wishing to restore a committee basis for responsibilities. It will be felt by many that more could have been done to strengthen accountability and

transparency through improvements in scrutiny arrangements and the extension of Freedom of Information provisions.

- 3.6 There remains much to come, in terms of the various regulations that are expected imminently and in the medium to long term assessments of the effectiveness of the mayoral system, and an exploration of the extent of the new local authority powers.

4. Scrutiny

- 4.1 The Act replaces the relevant provisions in the 2000 Act in full and consolidates the main part of scrutiny legislation into a single place. The law will continue to be found in Part 1A and Schedule A1 of the 2000 Act. Provisions relating to crime and disorder remain in the Police and Justice Act 2006, and health provisions remain in the NHS Act 2006.

- 4.2 At a late stage in the Lords a group of amendments were agreed to the Bill which:

- § Remove prescription about matters which may be referred to scrutiny by councillors who are not members of a scrutiny committee
- § Remove the link between local government scrutiny and local improvement targets in local area agreements
- § Put the scrutiny committees in non-unitary district councils in an equivalent position to those of other authorities by allowing them to hold partner authorities to account.

Commentary

- 4.3 The Act makes it clearer that scrutiny's future lies in a view of public services as they are delivered across a given locality – not just those for which the council has a direct responsibility. Local authorities generally will have far wider powers to influence policy and public service delivery in their area. As a function of the council, scrutiny has the potential to use such powers to investigate issues beyond its traditional remit, but which nonetheless affect local people. It is acknowledged that there is a lack of formal powers for scrutiny to explicitly carry out a particular review, but developing new models for the scrutiny function will help it to compliment other governance arrangements within the council.

5. Council tax referendums

- 5.1 Local authorities will be required to hold a referendum if calculations based on principles determined annually by the Secretary of State result in a Council Tax for the financial year that is 'excessive'. The principles, which include a comparison with the previous year, must be approved by the House of Commons. The Secretary of State has the option of specifying an alternative amount for two or more authorities.
- 5.2 An authority that wishes to propose a Council Tax increase that exceeds that allowed by the principles set by the Secretary of State will be required to produce a substitute set of figures, which will apply if their

main proposal is not approved in a referendum. If an authority fails to hold a referendum the substitute calculation will apply by default – an authority can in effect decide to forgo a referendum and adopt its substitute calculation.

Commentary

- 5.3 Councils must comply with central objectives or put them to the electorate in a referendum. The referendum process creates the appearance of local democracy, but the central mechanism is for the Secretary of State to set the parameters for the amount of Council Tax annually, taking this responsibility away from local representatives. In effect, the referendum process will be used inversely to enforce a Council Tax framework based on the principles set by central government.

6. Community Right to Challenge

- 6.1 This part of the Act opens the way for voluntary and community organisations, not-for-profits, charities and social enterprises to trigger a procurement process by expressing an interest in providing or assisting in the provision of council services. It will also be possible for two or more local authority employees to put forward an expression of interest.
- 6.2 The council will consider whether to accept or reject the proposal (with possible modifications). An application may only be rejected on specified grounds. In reaching a decision, it will be necessary to consider the social, economic or environmental implications of the proposal. In the case of acceptance, the council will carry out a normal procurement exercise for the service - on a scale proportionate to the value and nature of the service - again taking account of its social, economic or environmental potential.
- 6.3 Councils will be responsible for setting the timetable, taking account of budgetary and decision making requirements, though the factors to be considered will be covered in guidance. It will be a requirement to publish details of the local framework, and of certain stages in the process of an application.

Commentary

- 6.4 Doubts were expressed during the passage of the Bill on the likelihood that exercise of the right to challenge would result in local organisations providing services, and an unsuccessful effort was made to restrict the process to local applicants. Similarly, concerns were expressed about the potential of the scheme to create advantages for commercial bodies. While ministers rejected this risk they confirmed that it is intended that national organisations should be in a position to make applications to carry out services in particular local authority areas.
- 6.5 This provision has to be seen in the context of the Open Public Services White Paper which is intended to open up public services to private and

third sector providers. Councils will need to assess the implications for their processes and for accountability and democratic decision making, issues that also deserve to be addressed by local government representatives nationally.

7. Planning

7.1 Part 6 of the Localism Act addresses changes to the planning system.

7.2 The act sets out:

- § The abolition of regional spatial strategies (RSS) as part of the planning framework and the return of powers over housing and planning matters to local authorities;
- § A duty to co-operate: the act includes a new duty on local planning authorities to 'co-operate in relation to planning of sustainable development';
- § Changes to the enforcement regime, including a new power for LPAs to 'refuse to make a decision on a retrospective planning application while enforcement action is taking place' and a new 'planning enforcement order' to counter deliberate deception or concealment to avoid planning regulations.

7.3 The act retains the Community Infrastructure Levy (CIL) but includes some provisions for communities to have more control over how the levy is spent and how that spending is monitored.

7.4 The act creates provisions for parish/town councils or neighbourhood forums to:

- § Prepare neighbourhood plans that, if they pass certain tests such as aligning with existing plans and receiving a majority in a local referendum, will be adopted and become a material consideration;
- § Put forward neighbourhood development orders to secure planning permission for developments they support.

7.5 Applications for consent for development of major infrastructure projects will now be decided by the Secretary of State, following a recommendation by a planning inspector from the Major Infrastructure Planning Unit.

7.6 The commencement order bringing various parts of the Localism Act 2011 into immediate force was published on 15 January. The government has also confirmed that some remaining key changes will come into effect in April including the strengthening of planning enforcement, including powers to prevent the "twin tracking" of a retrospective planning application with an appeal against an enforcement notice on grounds planning permission ought to be granted. The retrospective planning application would still have its usual right of appeal. The second enforcement power to come into effect in April is to enable Local Authorities to take action against concealed

breaches of planning control even after the usual time limit for enforcement has expired.

- 7.7 The commencement order on 15 January clarified the rules on predetermination. The clarified rules still require a planning committee member to have an open mind when determining a planning application. However, proof of previous campaigning against a proposed planning application would not be proof that the member had a closed mind.

Commentary

- 7.8 There has been debate within local government and outside over whether the revised policy landscape, at least in planning terms, would see a focus on devolving power to communities and lead to a relatively emasculated council tier. But local planning authorities do still have a very secure place in the planning system.
- 7.9 The Planning Advisory Service (PAS) is urging elected members to embrace neighbourhood planning, and to take a proactive role in helping to determine how this takes root in their local areas. It has published a guide to neighbourhood planning for ward councillors – key to their guidance is that elected members need to provide clarity to forums at the very beginning of the neighbourhood planning process about what will and will not be possible because of the restrictions that apply. Put simply, communities have been led to believe that they will be ‘in the driving seat’ when it comes to planning locally. But as the provisions make clear, neighbourhood forums need to work within the opportunities and constraints of the existing hierarchy of plans.

8. General Power of Competence

- 8.1 The General Power of Competence replaced the well-being power Section 2 of the Local Government Act 2000 from April 2012. It is intended to provide local authorities (and parish councils that meet certain minimum standards) with the same capacity to act as an individual. The intention is to:
- § Allow authorities to act in their own financial interest to generate efficiencies and secure value for money outcomes and to raise money by charging for discretionary services and trade in line with existing powers.
 - § Allow authorities to engage in activities outside the well-being power, such as providing certain indemnities and guarantees and engaging in speculative activities.

9. Mayoral arrangements

- 9.1 The Secretary of State has powers to trigger a mayoral referendum under the Localism Act and has made orders for mayoral referendums in the eleven largest English cities, Birmingham, Leeds, Sheffield, Bradford, Manchester, Liverpool, Bristol, Wakefield, Coventry, Nottingham and Newcastle-upon-Tyne.

9.2 Under the Act, proposals must promote economic development or wealth creation or increase local accountability in relation to the function. Separate City Deal negotiations (under which each city is able to specify the particular powers they need and want to boost local growth) are ongoing between city representatives and the Government with the eight 'core cities', Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield and their Local Enterprise Partnerships. In February Liverpool became the first city to agree a City Deal with the Government, Greater Manchester signed a City Deal in March.

10. Community Assets

10.1 Parish and community councils and local voluntary and community organisations will be able to nominate local land or buildings to be included in a list of community assets maintained by local authorities. A property will be included where its current primary use furthers the social wellbeing or social interests of the local community, and where it is realistic to think that this use will continue. A property will also qualify when it has been in such use in the recent past, and this may realistically recur within the next five years (whether or not in the same way before).

10.2 Inclusion will require the owner of the property to notify the local authority when intending to dispose of a listed asset, so triggering a moratorium period during which community interest groups can apply to be treated as potential bidders. The owner will be able to begin the sale process after an interim period of six weeks if no bidder has come forward, if a written intention to bid is received in that time then the full six month moratorium period will apply. An eighteen month protection period has also been created: if this expires before the property is sold the original notification process must start again.

11. The new standards framework

11.1 The Act abolishes the Standards Board regime – the Standards Board for England, standards committees of local authorities, the jurisdiction of the First-tier Tribunal in relation to local government standards in England, and model codes of conduct for councillors. The power for the Secretary of State to issue a model code of conduct and to specify principles to govern the conduct of members of relevant authorities is removed together with the requirement for relevant authorities to establish standards committees. The First-tier Tribunal loses its jurisdiction over councillor conduct issues.

11.2 The new regime applies to local authorities and a number of other public authorities in England, including parish councils. All will be under a duty to 'promote and maintain high standards of conduct by members and co-

opted members of the authority' who are entitled to vote in committees and sub-committees.

12. Social housing

12.1 The Act allows councils to set criteria for whom they will accept onto social housing waiting lists, and to refuse to allow people who do not qualify to join the list. Every local housing authority (in England) needs to prepare an allocation scheme which sets out their priorities for determining housing need.

12.2 Councils can fulfil their duty to someone who is homeless and has a 'priority need' (such as having dependents) by offering them a single privately rented housing tenancy for one year. Previously, councils were obliged to offer a social housing dwelling unless the tenant asked for a private sector one.

12.3 Local housing authorities must now prepare a tenancy strategy to guide decisions social landlords working in their area make on:

- § The kinds of tenancies they grant;
- § The circumstances in which they will grant a tenancy of a particular kind;
- § The length of tenancies;
- § The circumstances in which they will grant another tenancy when an existing one expires.

12.4 For new social housing tenants, landlords can now issue fixed-term ('flexible') tenancies: social housing no longer comes with a 'tenancy for life'. The Act sets a minimum of two years. There are also reforms to how the social housing sector is regulated. The act paves the way for tenant panels, which social landlords will be expected to support to 'refer complaints against the social landlord'. Social housing tenants will also now have a single body to contact when making complaints about their landlord: the Independent Housing Ombudsman.

12.5 To make it easier for people living in social housing to move to a different home the act enables legislation for facilitating the exchange of tenancies. The government has launched HomeSwap Direct, a national home swap scheme for social housing tenants.

13. Recommendation

That the Committee notes the details of the Localism Act 2011 including potential implications for the City Council and Scrutiny Committees.

14. Background Papers

Localism Act 2011 – Department for Communities and Local Government

MANAGEMENT SCRUTINY COMMITTEE

DRAFT ANNUAL REPORT 2011/12

REPORT OF THE CHIEF EXECUTIVE

19 APRIL 2012

1. Purpose of the Report

- 1.1 To provide the Management Scrutiny Committee with the opportunity to consider the Draft Scrutiny Annual Report for 2011/12.

2. Background Information

- 2.1 As outlined in the Authority's Constitution, it is a requirement of the Overview and Scrutiny Function to produce an Annual Report, detailing the work of the Scrutiny Committees that has been undertaken during the last 12 months together with suggested developments etc for the forthcoming year.
- 2.2 This is the third year that a combined Scrutiny Annual Report has been produced, as part of the on-going development of the City Council's Scrutiny arrangements.
- 2.3 The pages relevant to the work of individual scrutiny committees have been circulated for comment during the April cycle of meetings, and these pages have been amended to reflect any comments from scrutiny members. A copy of the Draft Annual Report will be circulated during this meeting.
- 2.4 Following the views of this Committee in relation to its content, the Annual Report will be presented to the first meeting of Council in the new Municipal Year and will also be despatched to key stakeholders and public buildings for information.

3. Recommendations

- 3.1 It is recommended that the Management Scrutiny Committee:-
 - (a) Notes the content of this report;
 - (a) Considers the content of the Draft Scrutiny Annual Report for 2011/12, to be circulated at this meeting; and
 - (b) Notes that the Scrutiny Annual Report for 2011/12 will be presented to the first meeting of Council in the Municipal Year 2012/13 and despatched to key stakeholders and public places for information.

4. Background Papers

- 4.1 There were no background papers used in the preparation of this report.

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Annual Report: Management Scrutiny Committee 2011/12

Chair: Cllr David Tate

Vice-Chair: Cllr Kath Rolph

Committee Members:

Cllr Florence Anderson, Cllr Graeme Miller, Cllr Michael Mordey, Cllr Robert Oliver, Cllr Paul Stewart, Cllr Peter Walker, Cllr Susan Watson and Cllr Peter Woods.

The end of another municipal year and it is satisfying to report that the Management Scrutiny Committee has again tackled a demanding work programme which has seen the committee undertake two quite differing policy reviews. The committee's wide ranging remit always ensures that the work programme is interesting and varied from financial performance to corporate policy performance through to its overall co-ordinating role.

The coalition Government is committed to greater local public accountability and continues to scale back on inspection and assessment. Despite the level of scaling back there is still an expectation that councils can evidence the delivery of priorities and outcomes, and this is to be achieved largely through self regulation. The committee has held a series of workshops that looked at a number of key themes around the self regulation agenda. Self regulation is a new and emerging approach and the policy review recognises this, it also acknowledges how scrutiny is well placed to play a hand in driving forward stronger local accountability. The policy review and its recommendations aim to help promote, support and develop self regulation within the organisation.

The committee also conducted a policy review around illegal money lending and high cost credit within Sunderland. This review was a direct result of the national illegal money lending team beginning to work and gather information about activities taking place in the area. The review has gathered evidence through a variety of methods including focus groups, sites visits and even the performance of a hard hitting play illustrating the methods and repercussions of lending money from a loan shark. The committee also looked at the rise and proliferation of payday loan companies and high cost credit receiving responses from local MP's on this particular issue.

It is a positive move to have the illegal money lending team operating in Sunderland and this can only help to remove unlicensed credit operators from our local communities. It is fair to say that as a committee we cannot solve many of these deep seated and financially influenced issues, but the review does highlight a number of common themes that, working with our partners, can help to improve the outcomes for local people and communities.

The committee has also throughout the year received a variety of reports, policies and strategies as part of our work programme. The committee has looked at and discussed a range of issues including Apprenticeships and Early Retirements, the Welfare Reform Bill and looked at the Localism Act. It is through the reporting to committee that members can provide challenge to policies and strategies which can help directorates and service areas to further develop such documents.

One of the key roles of the Management Scrutiny Committee revolves around the City Council's budget process and we continue to examine the budget. The committee has also responded to a number of financial reports brought to the committee with our comments reported back to Cabinet or Full Council respectively. In a change to previous years the Management Scrutiny Committee held an informal meeting with Cabinet Portfolio Holders as part of the budget consultation process for 2012/13. This more informal setting worked well and allowed for a greater interaction between Scrutiny and Cabinet and it is hoped that we can continue in this way in future.

The coming year will no doubt be as equally challenging and demanding on both Members and officers but I know that as a local authority we will continue to deliver quality services to the residents of Sunderland. I continue to attend the various scrutiny committees at regular intervals throughout the year and offer my appreciation to the level of commitment shown by each individual committee in the work that they have undertaken. Finally I would like to thank

my member colleagues who sit on the Management Scrutiny Committee for their hard work, dedication and commitment to Scrutiny, the local authority and the residents of Sunderland.

Cllr David Tate
Chair of the Management Scrutiny Committee

MANAGEMENT SCRUTINY COMMITTEE

SCRUTINY COMMITTEES WORK PROGRAMMES FOR 2011-12

REPORT OF THE CHIEF EXECUTIVE

19 APRIL 2012

Strategic Priority: ALL

Corporate Improvement Objective : ALL

1. Purpose of the Report

- 1.1 The report attaches, for Members' information, the variations to the Scrutiny Committees work programmes for 2011/12 and provides an opportunity to review the Committee's own work programme for 2011/12.

2. Background

- 2.1 The role of the Management Scrutiny Committee is two-fold, firstly it has a role in co-ordinating efficient business across the seven Scrutiny Committees and manage the overall Scrutiny Work Programme and secondly to consider the Council's corporate policies, performance and financial issues.
- 2.2 The aim of its co-ordinating role is to avoid duplication, make best use of resources and to provide a corporate overview of the Overview and Scrutiny Function. As such the remainder of this report outlines the current work programmes of the Scrutiny Committees.

3. Scrutiny Committees Work Programmes

- 3.1 **Appendix 1** sets out the changes this month to the Scrutiny Committee work programmes from those endorsed at the start of the municipal year. Each Scrutiny Committee receives its own work programme in full each month in order to review progress.

4. Management Scrutiny Committee's Work Programme

- 4.1 **Appendix 2** outlines this Committee's full work programme for the year, updated to reflect new additions and amendments requested by Committee as the year has progressed.

5. Recommendation

- 5.1 That the Committee notes the variations to the Scrutiny Committees Work Programmes for 2011-12 and to its own work programme.

6. Background Papers

Scrutiny Committee Agendas – April 2012 cycle of meetings.

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	JUNE 9.6.11	JULY 21.7.11	SEPTEMBER 8.9.11	OCTOBER 20.10.11	DECEMBER 8.12.11	DECEMBER 14.12.11	JANUARY 12.1.12	FEBRUARY 23.2.12	APRIL 5.4.12
Cabinet Referrals and Responses		Article 4: Youth Justice Plan 2011/12 (JH/GK)	Cabinet Response to 2010/11 Policy Review – Learning at Work (NC) Article 4: CYPP Annual Report			Evidence Gathering Meeting			
Policy Review	Proposals for policy review (NC)	Scope of review (NC)	Approach to the Review (NC)	Update on Policy Review (NC)	Policy Review – Update Expert Jury Event		Policy Review	Policy Review – Update	Policy Review – Draft Report
Performance	Looked After Children and the Court System (MB) Youth Commissioned Contracts (SM)	Schools Performance - Termly Report (MF) Breaks for Carers of Disabled Children (KP)	Provisional KS Results (MF/AB) Performance & VfM Annual Report (BS) Monitoring of Scrutiny Recommendations (NC)	Complaints Annual Report 11/12 (BS) SSCB Annual Report and Business Plan (JV) New Ofsted Inspection Framework (MF)	Ofsted Annual Children's Services Assessment (BS) Performance Q2 April – Sept (BS) Admissions Report Fixed Penalty Notices (MF)		Review of Acute Special Paediatric Service (LT) Schools Performance – Termly Report (MF) Library Plan (JH) Early Intervention Core Offer	Attainment of C&YP (MF) Education Act 2011 CAMHS – Specialist Community Children and Young People's Service (NHS)	Schools Performance – Termly Report (MF) Performance Q3 Report
Scrutiny	Work Programme 2011/12 (NC) Forward Plan (NC) Safe & Sustainable Consultation: Children's Heart Services (NC)	Work Programme 2011/12 (NC) Forward Plan (NC)	Work Programme 2011/12 (NC) Forward Plan (NC)	Work Programme 2011/12 (NC) Forward Plan (NC)	Work Programme 2011/12 (NC) Forward Plan (NC)		Hasting Hill School – Monitoring Report Work Programme 2011/12 (NC) Forward Plan (NC)	Corporate Parenting Annual Report (MB) Work Programme 2011/12 (NC) Forward Plan (NC)	Hasting Hill – Update Report Scrutiny Annual Report (NC) Work Programme 2011/12 (NC) Forward Plan (NC)
CCFA/Members items/Petitions									

To be scheduled: Behaviour & Attendance Strategy
School Place Planning
Contact, Referral and Assessment Arrangements – Action Plan

COMMUNITY AND SAFER CITY SCRUTINY COMMITTEE WORK PROGRAMME 2011-12

	JUNE 07.06.11	JULY 19.07.11	SEPTEMBER 06.9.11	OCTOBER 18.10.11	DECEMBER 06.12.11	JANUARY 10.01.12	FEBRUARY 21.02.12	APRIL 03.04.12
Cabinet Referrals and Responses			Response to the 10/11 Policy Review – Alcohol, Violence and the Night Time Economy (JD)					
Policy Review	Annual Work Programme and Policy Review 2011/2012 (JD)	Policy Review into Community Cohesion - Scoping Report (JD)	Policy Review into Community Cohesion – Scene Setting (JD)	Policy Review into Community Cohesion -Evidence Gathering (JD) Visit to Durham Prison (JD)	Policy Review into Community Cohesion – Evidence Gathering (JD)	Policy Review into Community Cohesion – Evidence Gathering (JD)	Policy Review Progress Report (JD)	Policy Review: Final Report (JD)
Scrutiny			Performance Report (Gillian Robinson) Progress on Past Recommendations (JD)		Performance Q2/ Policy Review Progress (Mike Lowe)			Performance Q3/ (Mike Lowe)
Scrutiny (Performance)	Food Law Enforcement (Norma Johnston) Forward Plan (SA)	Police Reform and Social Responsibility Bill - Update (Stuart Douglass) Drug Misuse – Update (Leanne Davis) Work Programme (SA) Forward Plan (SA)	Work Programme (SA) Forward Plan (SA)	Police Reform and Social Responsibility Act 2011 Work Programme (SA) Forward Plan (SA)	Emergency Planning (Barry Frost) Neighbourhood Helpline (LSL) Work Programme (SA) Forward Plan (SA)	Police Reform and Social Responsibility Act 2011 (Stuart Douglass) Work Programme (JD) Forward Plan (JD)	Work Programme (JD) Forward Plan (JD)	Police Reform and Social Responsibility Act 2011 (Stuart Douglass) Emergency Planning – Feedback from Visit (Louise Preece) Work Programme (JD) Forward Plan (JD)
CCFA/Members items/Petitions								

Environment and Attractive City Scrutiny Committee 2011/12

REASON FOR INCLUSION	JUNE 13.06.11	JULY 25.07.11	SEPTEMBER 12.9.11	OCTOBER 24.10.11	NOVEMBER (TBA)	DECEMBER 12.12.11	JANUARY 16.01.12	FEBRUARY 27.02.12	MARCH 13.03.112	APRIL 02.04.12
Cabinet- Referrals and Responses			Response to the 10/11 Policy Review – Sunderland 'the Place'							
Policy Review	Annual Work Programme and Policy Review (HL)	Scoping Report and Setting the Scene (HL/Les Clark)	Approach to the Review (HL)	Low Carbon Public Transport (Nexus, Go NorthEast, Stagecoach) Policy Review Progress Report (HL)		Policy Review Progress Report (HL) Response to the Review (from city MPs) (HL)	Procurement of Low Carbon Vehicles (Ian Taylor, NEPO) Policy Review Progress Report (HL) Best Practice (HL) Expenditure in support of the Policy Review (HL)	Low Carbon Vehicle Sector (TBC) Cost Benefit Analysis - Genex (Les Clark)	Policy Review: Draft Final Report (HL)	Policy Review: Final Report (HL)
Performance			Performance Q1 (Kelly Davison-Pullan) Policy Review Recommendations: Performance (HL)			Performance (Kelly Davison-Pullan)				Performance (Kelly Davison-Pullan)
Scrutiny	Seaburn Masterplan and Design Code (Keith Lowes) Forward Plan (SA)	Highways Maintenance (Graham Carr) Preliminary Flood Risk Assessment (Neil Cole) Work Programme (SA) Forward Plan (SA)	Public Conveniences (Les Clark) Work Programme (SA) Forward Plan (SA)	Public Transport (Nexus) Waste Management (Les Clark) Catchment Flood Management Plans (Neil Cole) Work Programme (SA) Forward Plan (SA)	Prioritisation Framework for Traffic and Road Safety (1) (Les Clark)	Work Programme (SA) Forward Plan (SA)	Prioritisation Framework for Traffic and Road Safety (2) (Les Clark) Work Programme (SA) Forward Plan (SA)	Fawcett St (Les Clark) School Travel Plans (Les Clark) Work Programme (SA) Forward Plan (SA)	Local Development Framework (Neil Cole) –Annual Update Community Infrastructure Levy (Neil Cole)	Draft Scrutiny Annual Report (HL) Street Lighting Annual Update (Graham Carr/Aurora) Work Programme (SA) Forward Plan (SA)
CCFA/Members items/Petitions	Request for Inclusion of an Item - Planning Applications (HL)									

HEALTH AND WELL-BEING SCRUTINY COMMITTEE WORK PROGRAMME 2011-12

	JUNE 08.06.11	JULY 19.07.11	SEPTEMBER 6.09.11	OCTOBER 19.10.11	23.11.11	DECEMBER 07.12.11	JANUARY 11.01.12	12.1.12	FEBRUARY 22.02.12	29.2.12	APRIL 4.04.12
Cabinet Referrals & Responses			Cabinet Response to 2010/11 Hospital Food & Veterans Policy Reviews								
Policy Review	Work Programme & Policy Review – Delayed Discharge & Reablement (KB)	Scope of Policy Review (KJB)	Endorse co-opted representation Setting the Scene – Delayed Discharge (JC/AN) Monitoring Action Plans: Dementia, Home Care, Health Inequalities	Community Health Services (BA) CQC In-patient survey leaving health services	Policy Review: Evidence Gathering Day		Out of Hours (JU)			Policy Review: Community Event	Final Report
Performance			Q4 Performance Report (KDP)	Q1 & Q2 Performance (ML)				Q3 Performance (SL)			
Scrutiny	Safe and Sustainable: Consultation (KB) Integrated Strategic & Operational Plan (STPCT) Health & Well-Being Board (NR)	Campus Completion Programme (PCT/NTW) Training Standards Care Homes (GK)	Procurement of social care for adults with a learning disability – progress report (PF)	Meals at Home Service (PC) Barmston Medical Centre Procurement (PCT) End of Life Facilities (PCT)		In-patient beds for LD (NTW) Community Covenant (KB) Social Care Contributions consultation (GK)	HHAS 15 year strategy (NR/DA) Health Watch (JC) Acutely sick children consultation (SOTW)	Public Health Transition update (SR) Health Strategy consultation (VT) 'Clear & Credible' Plan (CCG)	Annual Commissioning Plan (STPCT)		
CCfA/Members items/Petitions		Request to attend conferences Feedback visit to Wearmouth View							Draft Annual Report (KB)		

PROSPERITY AND ECONOMIC DEVELOPMENT SCRUTINY COMMITTEE WORK PROGRAMME 2011-12

	JUNE 07.06.11	JULY 19.07.11	SEPTEMBER 06.9.11	OCTOBER 18.10.11	DECEMBER 06.12.11	JANUARY 10.01.12	FEBRUARY 21.02.12	APRIL 03.04.12
Cabinet referrals and responses			Response to the 10/11 Policy Review – Low Carbon Economy			Wearmouth Masterplan - Consultation		
Policy Review	Annual Work Programme and Policy Review 2011/2012 (JD)	Policy Review - Scoping Report - Aim 1 of Economic Masterplan – University City (JD) Policy Review – Scene Setting (JD)	Policy Review – Evidence Gathering (JD) Visit to Port (JD)	Policy Review - Evidence Gathering – Links with Business	Policy Review – Evidence Gathering (JD) Visit to example of best practice – Sheffield Hallam University (VT)	Policy Review – Evidence Gathering (JD) LEP Special Meeting – Proposal (JD/VT)	Policy Review Progress Report (JD) Visit to University of Sunderland (JD)	Policy Review: Draft Report (JD) Portas Report (Lee Cranston)
Performance			Performance Q1 (Mike Lowe) Progress on Previous Policy Reviews (JD)		Performance Q2/ Policy Review Progress (Mike Lowe)			Performance Q3 (KDP)
Scrutiny	City Centre Improvement Programme – Support for Business(GF) Seaburn Masterplan (KL) Forward Plan (SA)	Work Programme (JD) Forward Plan (JD)	Work Programme (JD) Forward Plan (JD)	North East Chamber of Commerce (Jonathan Walker) Review into Tourism – Feedback (JH) Port of Sunderland – Feedback from Visit (JD) Work Programme (JD) Forward Plan (JD)	Welfare Benefits (Fiona Brown) Work Programme (JD) Forward Plan (JD)	Work Programme (JD) Forward Plan (JD)	New Wear Bridge Crossing (VT) Work Programme (JD) Forward Plan (JD)	Sub National Economic Development - LEP (Vince Taylor) – (Special Meeting) Work Programme (JD) Forward Plan (JD)
CCFA/Members items/Petitions								

SUSTAINABLE COMMUNITIES SCRUTINY COMMITTEE WORK PROGRAMME 2011-12

	JUNE 14.06.11	JULY 26.07.11	SEPTEMBER 13.09.11	OCTOBER 25.10.11	DECEMBER 13.12.11	JANUARY 17.01.12	FEBRUARY 28.02.12	APRIL 17.04.12
Cabinet- Referrals and Responses			Response to the 10/11 Policy Review – Role of Culture in Supporting Sustainable Communities (Cllr Kelly)					
Policy Review	Annual Work Programme and Policy Review 2011/2012 (HL)	Policy Review – Scoping (HL) Scene Setting (JDG/VF)	Approach to the Policy Review (HL)	Active Sunderland Board (VF)	Policy Review Progress Report (HL) Community and Education Facilities (HL) 2012 in Sunderland Update (VF)	Sport and Physical Activity Providers (HL/VF/)	Mapping Exercise and Consultation Results (Incorporating Future Priority Sports/Activities (VF) Sport England (I Thurlbeck & J Rasmusson)	Policy Review: Final Report (HL)
Performance			Performance Q4 (KDP) Policy Review Progress (HL)		Performance (KDP)			Performance (KDP)
Scrutiny	Housing Allocations Policy (AC) Forward Plan (HL)	Private Sector Enforcement Policy 2010/11 – Update (AC) Work Programme (HW) Forward Plan (HW)	Empty Property Plan (AC) Work Programme (HW) Forward Plan (HW)	Empire Theatre Annual Report (VM) Maudlin St (AC) Low Carbon Social Housing Pilot (AC) Work Programme (SA) Forward Plan (SA)	Annual Heritage Report (VM) Built Heritage (ML) Joint Strategic Needs Assessment (AC) Work Programme (SA) Forward Plan (SA)	Cultural Strategy (CDA) Community Development Service and VCS Annual Report (JDG) Enabling Independence Strategy Update (AC) Work Programme (SA) Forward Plan (SA)	Localism Act: Housing (AC) Work Programme (SA) Forward Plan (SA)	Empty Properties Year End (AC) Cultural Strategy Progress (JH) Work Programme (SA) Forward Plan (SA)
CCFA/ Members items/Petitions								

REASON FOR INCLUSION	JUNE 16.6.11	JULY 14.7.11	SEPTEMBER 15.9.11	OCTOBER 13.10.11	NOVEMBER 10.11.11	DECEMBER 15.12.11	JANUARY 19.1.12	FEBRUARY 16.2.12	MARCH 15.3.12	APRIL 19.4.12
Cabinet Referrals and Responses		Revenue & Capital Budget Variations 1 st Q – 2011/12 (ST)	Response to the 10/11 Policy Review – Smarter Working (NC)	Proposal for Budget Consultation 2012/13 (ST) Budget Planning Framework 2012/13 (ST) Revenue & Capital Budget Variations 2 nd Q (ST)			Council Tax Base 2012/13 (ST) Revenue & Capital Budget Variations 3 rd Q (ST) Provisional Budget Proposals 2012/13 (ST)	Budget & Service Reports - Collection Fund 11/12 - Revenue Budget & Proposed Council Tax 11/12 - Capital Programme 12/13		
Policy Review	Proposals for Policy Review (NC)	Self Regulation & Illegal Money Lending Scoping Paper for Policy Review (NC)	Approach & Setting the Scene Policy Reviews (NC)	Self Regulation & Illegal Money Lending Policy Review Progress Report (NC)	Presentation by the ILM Team (NC)	Self Regulation & Illegal Money Lending – Policy Review Update (NC)	Self Regulation & Illegal Money Lending – Policy Review Update (NC)	Self Regulation & Illegal Money Lending – Policy Review Update (NC)	Self Regulation & Illegal Money Lending – Policy Review Update (NC)	Policy Review Draft Reports (NC)
Performance	Service Planning Arrangements for 2012/13 (JB)		Performance & VfM Assessment (SR)			Performance Management Q2 (SR) Annual Audit Letter (GB)				Performance Management (Q3) (SR)
Scrutiny	Forward Plan (NC) Work Programme (NC)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) CfPS Conference Feedback (HL) Annual Scrutiny Conference Feedback (SA)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) Request to attend Conference (NC)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) H&S Report: Changing the Safety Culture in StreetScene (SS)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) LSP Annual Review (JM)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) LGC Conference Feedback (CB)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC) Request to attend seminar (NC) CfPS Annual Conference attend (NC)	Welfare Reform Bill (FB) Apprenticeships & Early Retirements (SS) Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC)	Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC)	Draft Annual Report (NC) The Localism Act (JB) Forward Plan (NC) Work Programmes of all Scrutiny Committees (NC)
CCFA/Members items/Petitions										

MANAGEMENT SCRUTINY COMMITTEE

FORWARD PLAN – KEY DECISIONS FOR THE PERIOD 1 APRIL 2012 – 31 JULY 2012

REPORT OF THE CHIEF EXECUTIVE

19 APRIL 2012

1. Purpose of the Report

- 1.1 To provide Members with an opportunity to consider those items on the Executive's Forward Plan for the period 1 April 2012 – 31 July 2012 which relate to the Management Scrutiny Committee.

2. Background Information

- 2.1 Holding the Executive to account is one of the main functions of Scrutiny. One of the ways that this can be achieved is by considering the forthcoming decisions of the Executive (as outlined in the Forward Plan) and deciding whether Scrutiny can add value in advance of the decision being made. This does not negate Non-Executive Members ability to call-in a decision after it has been made.
- 2.2 To this end, it has been agreed that the most recent version of the Executive's Forward Plan should be included on the agenda of this Committee. The Forward Plan for the period 1 April 2012 – 31 July 2012 is attached marked **Appendix 1**.

3. Current Position

- 3.1 In considering the Forward Plan, Members are asked to consider only those issues which are under the remit of the Management Scrutiny Committee. These are as follows:-

Corporate Improvement Plan; Sunderland Strategy; Partnerships (including relations with external bodies); enhancing the role and reputation of Sunderland regionally, nationally and internationally; co-ordination and development of the Scrutiny Function; Asset Management, Property Services and Building Maintenance; Area Frameworks; Corporate Communications; External Assessments; Public Protection and Trading Standards; Governance; Emergency Planning (to refer to appropriate Scrutiny Committee); Budget, financial resources and value for money; and to review any matter not falling within the remit of the other Scrutiny Committees.

- 3.3 In the event of Members having any queries that cannot be dealt with directly in the meeting, a response will be sought from the relevant Directorate.

4. Recommendations

- 4.1 To consider the Executive's Forward Plan for the period 1 April 2012 – 31 July 2012.

5. Background Papers

There were no background papers used in the preparation of this report.

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**Forward Plan -
Key Decisions
for the period
01/Apr/2012 to
31/Jul/2012**



**E Waugh,
Head of Law and Governance,
Sunderland City Council.**

14 March 2012

Forward Plan: Key Decisions from - 01/Apr/2012 to 31/Jul/2012

No.	Description of Decision	Decision Taker	Anticipated Date of Decision	Principal Consultees	Means of Consultation	When and how to make representations and appropriate Scrutiny Committee	Documents to Contact	Officer	Tel No
01561	To approve the Highway Maintenance Programme for 2012/13.	Executive Director of City Services	18/Apr/2012	Member with Portfolio for Attractive and Inclusive City; Utility Companies; Elected Members;	Meetings; Correspondence	Via the Contact Officer by 20 March 2012 - Environment and Attractive City Scrutiny Committee	Key Delegated Decision and Report	Graham Carr, Highway Asset Manager	5611298
01558	Agreed to dispose of Council property at St Marks Road.	Deputy Chief Executive	18/Apr/2012	Head of Law and Governance	Report on disposal	Via the Contact Officer by 20 March 2012 - Management Scrutiny Committee	Cabinet Report	Nick Wood	5612631
01567	To approve the 2012 Strategic Housing Land Availability Report (SHLAA)	Cabinet	18/Apr/2012	Cabinet, Council Directorates	Circulation of draft Cabinet paper	Via the Contact Officer by 20 March 2012 - Environment and Attractive Scrutiny Committee	SHLAA Report	Neil Cole	5611574

Forward Plan: Key Decisions from - 01/Apr/2012 to 31/Jul/2012

No.	Description of Decision	Decision Taker	Anticipated Date of Decision	Principal Consultees	Means of Consultation	When and how to make representations and appropriate Scrutiny Committee	Documents to Contact	Tel No	Officer
01569	To approve the 2012 Employment Land Assessment Update	Cabinet	18/Apr/2012	Cabinet, Council Directorates	Circulation of draft Cabinet paper	Via the Contact Officer by 20 March 2012 - Environment and Attractive Scrutiny Committee, Prosperity and Economic Development Scrutiny Committee	ELA Report	Neil Cole	5611574
01566	To approve the Local Development Framework Core Strategy Draft Preferred Option.	Cabinet	18/Apr/2012	Cabinet, Council Directorates	Circulation of draft Cabinet paper	Via the Contact Officer by 20 March 2012 - Environment and Attractive Scrutiny Committee, Prosperity and Economic Development Scrutiny Committee, Sustainable Communities Scrutiny Committee	Core Strategy Preferred Option, Sustainability Appraisal, Rejected Options Report	Neil Cole	5611574
01568	To approve the 2012 Retail Needs Assessment Update	Cabinet	18/Apr/2012	Cabinet, Council Directorates	Circulation of draft Cabinet paper	Via the Contact Officer by 20 March 2012 - Environment and Attractive Scrutiny Committee	Retail Needs Report	Neil Cole	5611574

Forward Plan: Key Decisions from - 01/Apr/2012 to 31/Jul/2012

No.	Description of Decision	Decision Taker	Anticipated Date of Decision	Principal Consultees	Means of Consultation	When and how to make representations and appropriate Scrutiny Committee	Documents to Contact	Officer to be considered	Tel No
01564	To approve the new Landlords Accreditation Scheme.	Cabinet	20/Jun/2012	Cabinet, Service Users and Ward Members, Portfolio Holders	Briefings and/or meeting with interested parties	Via the Contact Officer by 21 May 2012 - Sustainable Communities Scrutiny Committee	Full Report	Alan Caddick	5662690