

POLICY DEVELOPMENT & REVIEW 2011/12: PROGRESS ON REVIEWS

Report of the Chief Executive

1. Purpose of Report

- 1.1 The purpose of this report is to provide 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.

2. Background

- 2.1 Initial scoping documents were presented to the Committee on the 14th July 2011 which set out proposed terms of reference for each of the reviews. At its meeting on 15th September, 2011 the Committee considered scene setting reports for both reviews into self regulation (now titled Demonstrating Local Accountability: A look at the emerging national Self Regulation Framework and implications for the Council) and illegal money lending (now titled At What Cost: The Effects of High-Cost Credit and Illegal Loan Sharks on Local Communities).

3. Demonstrating Local Accountability: Policy Review - Update

- 3.1 The first workshop into Self Regulation took place on Monday 31st October 2011 and was based around the theme of the sector led approach. The workshop took the shape of an interactive demonstration around some of the accountability tools as well as looking at the self regulation of services for vulnerable people. A detailed note of the workshop will be included in the next progress report presented to the committee.

4. At What Cost? : Policy Review - Update

- 4.1 The first focus group for this review took place on Thursday 13th October 2011. Some of the key points from this discussion were as follows:
- There is a difficulty in getting information against illegal money lenders and one of the Illegal Money Lending Team's primary purpose is to gather such information;
 - Further statistical information in relation to the financial overview of the city is required by Members to fully understand the citywide picture;
 - The weakness of the Credit Union in Sunderland was highlighted;
 - The importance of getting people to think differently about credit, debt and other financial matters, and;
 - There was a clearly identifiable role for the information and guidance that the Council offers to its customers and it will be important in such financially constrained times to develop the Council's Customer Services appropriately.

- 4.2 The complete notes from this discussion are attached as Appendix 1 of this report.
- 4.3 An Illegal Money Lending Team (“IMLT”) was established within Birmingham City Council 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.
- 4.4 The scheme, initially working across the Midlands, has already been extended to cover the North West, East of England, South East and Yorkshire and Humber areas.
- 4.5 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.
- 4.6 In addition, the Minister also announced that BIS intended to restructure the project by moving to a three national teams 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.
- 4.7 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.
- 4.8 The official launch of the Illegal Money Lending Team in Sunderland will have taken place on Tuesday 8th November at the Sunderland Glass Centre. The launch will see 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.
- 4.9 Representatives from the Illegal Money Lending Team will be in attendance at the Management Scrutiny Committee’s November meeting to provide a presentation around the work of the team, how this translates to Sunderland and examples of past cases including the practices of illegal money lenders.
- 4.10 The timetable for this policy review is attached as appendix 2 of this report.

5. Recommendations

- 5.1 That the information in the report is noted.

Background Papers

Cabinet Report: Discharge of functions under Part III of the Consumer Credit Act 1974 of Sunderland City Council by Birmingham City Council in relation to illegal moneylenders, 22 June 2011

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