

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 third workshop into Self Regulation took place on Thursday 2nd February 2012 and was aimed at focusing on the self regulation resources the Knowledge Hub and LG Inform.

The Knowledge Hub

- 3.2 The Knowledge Hub (TKH) 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 TKH will collect information and data from local authorities.
- 3.3 TKH is available for anyone to join who is a member of the Local Government Association, which includes officers and members of Sunderland City Council. TKH 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 on recycling, 2011 Census, high cost credit etc. This provides a vehicle for knowledge from the sharing of experiences.
- 3.4 As the networks on TKH develop and become broader this could have real potential for use in the scrutiny field and in particular in gathering evidence and opinions in relation to the various policy reviews that a conducted. There is also the potential to hold web chats and conference chats which would reduce travel and expenditure implications.
- 3.5 TKH has the potential to not only support programme delivery and professional development but also build professional networks and allow local authorities to

learn from the experience of others. One of the key drivers for TKH is that of cost effectiveness and the efficient use of limited resources.

LG Inform

- 3.6 Local Government (LG) Inform is an online service that allows 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). If they choose, councils will also be able 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 to ensure more rigorous and informed decision making based on the available evidence. Longer term, the full service will be hosted within the LGA's forthcoming Knowledge Hub environment.
- 3.7 LG Inform includes aspects of performance management, benchmarking and data analysis. The Metrics Library contains national data sets that show local performance against the national picture. Local authorities are 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: for example, bar charts, pie charts etc. These 'components' can be dropped into a customised report so that information can be shared.
- 3.8 It was also noted that LG Inform is a free resource with no associated charges to accessing data from the site.
- 3.9 Members of the Committee queried who would be responsible for the data on LG Inform. It was reported that this was one of the key challenges for the local government family, whereas before compliance was mandatory now it is a matter of 'goodwill'. It will very much up to local authorities to decide on which data sets they continue to share and what new data sets are developed.
- 3.10 Sunderland is looking to develop protocols to ensure that any data provided has gone through checks and balances to ensure that data quality and accuracy. It was noted the onus was very much on local councils to supply and input data onto LG Inform and that this is where the tool would succeed or fail. Discussions are taking place in the North East about developing a basket of indicators that are seen as relevant to the area, something which is underway with the London Boroughs.
- 3.11 Members recognised the potential benefits of these tools and resources for both Members and Officers and felt that training for Members, Scrutiny Officers, Account Managers should be made available.

Mark Edgell (The Local Government Group) – Regional Network Meeting

- 3.12 At the scrutiny regional network held on 27th January 2012 Mark Edgell, Regional Associate for LGA, provided a brief overview around self regulation and the support being provided by the LGA to local councils. A full note of this meeting is attached at **Appendix 1** of this report.

4. At What Cost? : Policy Review - Update

4.1 A focus group was held on Monday 23rd January 2012 with Members of the Management Scrutiny Committee meeting with a number of credit providers from across the city to discuss issues related to the policy review looking at high cost credit and illegal money lending.

4.2 Some of the key points arising from the discussions were as follows:

- The typical client profile was one of a low income family that is state dependent with the vast majority living in rented accommodation. The gender split was on average 60% female and 40% male with a typical borrowing sum of between £200 and £300.
- The reasons for loans saw a fairly even split between necessity and casual/luxury. An important factor to note was that with banks and traditional financial institutions tightening their controls and restricting credit had allowed other financial routes to expand and increase.
- It was noted that there was still a stigma attached to pawn broking and it was a challenge to change this perception. Most of the pawn broking market was against items of gold jewellery.
- Both companies in attendance questioned the rates some firms were charging and it was an unusual paradigm that the smaller the business the cheaper the rates, which is the reverse of many other business models. It was noted that there was a greater risk for big companies with much higher default rates. Often these larger PLC businesses were driven by investors and therefore needed to increase their customer base and volume of lending.
- One of the major issues highlighted was the rise of paid for money advice companies who can take up to 35% of an individual's disposable income to provide solutions. Similar advice and debt management solutions are available from organisations like the Citizens Advice Bureau or the Credit Counselling Service and most importantly their advice is free.

4.3 The full note of this focus group is attached at **Appendix 2** of this report.

4.4 The timetable for this policy review is attached as **Appendix 3** of this report.

5. Next Steps

5.1 The final self regulation workshop in the series is set to take place on Friday 2nd March at 1pm in Committee Room 3. This workshop aims to look at the role of scrutiny in supporting self regulation within the local authority.

5.2 The Shontal performance, that has been discussed a number of times, has now been moved to Wednesday 29th February 2012 at 2pm in the Royalty Theatre, and Members should have received an email invitation to the event. It should be noted that as this supports the policy review work of the committee following the

performance there will be a Q&A session hosted by Councillor Tate with officers from the Illegal Money Lending Team, Welfare Rights and Trading Standards.

- 5.3 Final evidence gathering meetings are being arranged with Shiney Row Advice and Resource Project (SHARP) and Sunderland MP's respectively.

6. Recommendations

- 6.1 That the information in the report is noted.

Background Papers

Management Scrutiny Committee Papers - Minutes

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