

Appendix 1

LONDON BOROUGHS OF BRENT AND HARROW

TRADING STANDARDS ADVISORY BOARD – 28th NOVEMBER 2006

REPORT NO. 5/06 FROM THE DIRECTOR OF TRADING STANDARDS

FOR INFORMATION

TITLE OF REPORT: TRADING STANDARDS BUDGET FOR 2007/2008

1.0 SUMMARY

1.1 This report provides Members with information concerning the Trading Standards budget required for 2007/2008 which will enable Members to make recommendations to the main Committee in each borough.

2.0 RECOMMENDATIONS

2.1 That Members consider the implications of this report and agree recommendations for the budget making process of each Council.

3.0 FINANCIAL CONSIDERATIONS

3.1 The whole report concerns the finance of the Trading Standards Service.

4.0 STAFFING IMPLICATIONS

4.1 Significant reductions from the estimated 2007/2008 required budget detailed at paragraph 5.6 could result in staffing reductions.

5.0 DETAIL

5.1 Background

5.1.1 The Trading Standards Service is a front line service and carries out the statutory obligation placed on the two Authorities to enforce criminal consumer protection legislation. The Service enforces over 45 Acts of Parliament, numerous EC Directives, sub-ordinate legislation, Codes of Practice and guidelines.

5.1.2 Clause 23 of the Consortium Agreement outlines the procedure for setting the budget each year. The Director of Trading Standards is required to report to the November Consortium meeting, detailing the implications of budget changes for Members' consideration and discussion. The Consortium Advisory Board is then required to decide proposals to recommend to the Councils of Brent and Harrow for the budget to be set for each Council's area.

5.1.3 The current establishment is 34.6 staff, 27 provided on a borough basis and 7.6 shared staff. Harrow has 10 front line enforcement staff (one kept vacant during 2005/6), 2 front line support staff and a team leader. Brent has 11 front line enforcement staff, 2 front line support staff and a team leader. As a shared resource, there are 7.6 staff, including:- the Director, Laboratory and Systems Manager, Service Development Officer, Customer Services Manager and 3.6 Customer Services staff.

The Service therefore has an equivalent total of 16.8 officer posts working for Harrow and 17.8 for Brent. Members will recall that one enforcement officer post in Harrow has been kept vacant since 2005/6.

5.2 Fixed Costs

The items to be included as fixed costs in the budget are detailed in the Consortium Agreement. The estimated fixed costs for 2007/2008 are £656,576 (£381,961 for Brent and £274,615 for Harrow). This is 33.62% of the total budget, (33.27% last year). Included in the figures for fixed costs is the notional rent for the accommodation of which Brent, at present, pays both boroughs' contribution. The apportionment of fixed costs is, according to the Consortium Agreement, on the basis of the percentage budget split of the total budget from the previous year.

5.3 Variable Costs

5.3.1 The major expenditure of the Service is on the variable costs. The 2007/2008 estimate is £1,296,156 (£702,685 for Brent and £593,471 for Harrow). 84.0% of these costs are the salaries of staff; 9.6% is for core support services; including accommodation; 2.7% is for essential transport; and 1.3% for sampling and analyst fees.

5.3.2 Each area of variable costs has been examined and reduced wherever possible. £1,296,156 is required to maintain the same level of service delivery as this year. There are no areas, apart from salaries, where significant reductions could be made without jeopardising the operation of the whole Service. Some parts of the budget have not been increased for several years and therefore not kept up with inflation.

5.4 Income

5.4.1 There is little scope for increasing income. Historically, the main source of income has been from fees for verification of equipment under the Weights and Measures Act. Deregulation, however, has permitted manufacturers to verify their own new equipment, and also to verify equipment after carrying out repairs, ensuring that this source of income has gradually diminished for the Service. Fees charged under the Weights and Measures Act are recommended by the Local Authority Co-ordinating Body on Regulatory Services. We have deviated from that recommendation in the past and substantially increased the charge of testing some equipment. The income from these fees, however, has slightly reduced over this year, but I have estimated the income from this source, to remain at £15,000 for next year.

5.4.2 The main source of income now is from costs awarded against defendants following conviction in court. The estimated income for next year is £32.5K, the same as 2006/7. This reflects the fact that costs are dependant on the number of cases taken to court, which in turn is directly related to the staffing numbers. Although the Service is generally being awarded more costs per court case, it had to reduce the establishment by two enforcement officer posts last year. Those posts would have produced prosecutions which would have resulted in greater costs next year. This income is by no means certain and subject to award by the courts. The present level of income is dependant on maintaining the current level of prosecutions.

Obviously, if there are staffing reductions involving enforcement staff, fewer cases will be prosecuted and this projected income may not be achieved.

5.4.3 Instead of the consortium budget being treated as one cost centre with both expenditure and income for each borough being paid in or out of the account as required and accounted for as one Service, the income and expenditure is accounted for separately for each borough, to provide improved monitoring. This has involved constructing the budget into three cost centres :- Brent (variable costs), Harrow (variable costs) and Shared costs. Each borough now receives a monthly detailed breakdown of expenditure and income including a comparison with the cost of service delivery. This has meant that wherever possible, expenditure or income is apportioned to a specific borough.

5.5 Prioritisation of Work

5.5.1 Most of the work of the Service is demand led, either from complaints received from members of the public and local businesses; from requests for advice from local businesses or requests for action from other agencies. There has never been sufficient resources to enforce all the legislation assigned to the Service, so a high degree of prioritisation occurs on a daily basis. During the year, a great deal of legislation, either new or amended, has again been introduced as a statutory duty for the Service to enforce. The Service has been placed under considerable pressure over the last two years in trying to cope with new legislation and other demands from both businesses and consumers without the necessary resources to carry this out. In particular the Service has been given the new duty to enforce legislation relating to :- the prohibition of sales to children of alcohol, spray paints, knives and solvents (to complement the existing items); fireworks, including a complete new system of registration and enforcement involving all year inspection; licensing, being a statutory consultee and having to visit each premises; demand for more enforcement on illegal DVD sales right across the consortium, and dealing with the volumes of counterfeit goods. Much of this work has to take place outside normal office hours and overtime is therefore payable. The Service does not have the resources to respond to these demands.

5.5.2 Much of the E.C. safety legislation is not now being enforced, which has raised concerns nationally, and has prompted the Department of Trade and Industry to introduce National Standards for Trading Standards Services.

5.5.3 Brent has 5 officers enforcing metrology, safety, pricing and associated legislation, and 5 enforcement officers enforcing all other legislation (largely carrying out demand led reactive work) and 1 officer providing civil advice and help. Harrow has 4 officers enforcing metrology, safety, pricing and associated legislation, 4 enforcement officers (plus one vacancy) enforcing all other legislation (largely carrying out demand led reactive work) and 1 officer providing civil advice and help. In each area I feel this is the very minimum staff requirement to carry out the basic functions of the Service.

5.5.4 Prosecution work is also prioritised in order to minimise the cost of proceedings and maximise the protection of the public. The implications of proceeding in a particular case are carefully weighed up before a decision to proceed is made. Carrying out prosecutions "in house" is extremely successful as very few cases are lost and the Service saves a considerable amount of money each year in legal fees. Costs income of approximately £32,500 has been estimated for 2007/2008. Many more defendants, however, are now opting for Crown Court trial which involves the cost of instructing counsel and many more cases require an interpreter to be present

which places an increased cost on the Service. The Criminal Investigation and Procedures Act, has placed extra burdens on the Service, in particular having to identify a separate “Disclosures Officer” to catalogue evidence in greater detail and to retain that evidence after the conclusion of a case for a longer period of time. The Human Rights Act and the Regulation of Investigatory Powers Act adds further significant work to our investigations, and the Service is subject to external scrutiny from the two Commissioners appointed under the Act.

5.5.5 Many staff have put in extra effort often in their own time to produce additional work without compromising the targets set. These include:- talks; displays; exhibitions; press releases; supervising work experience students; liaising with schools; participating in the Community Legal Service; running a Consumer Support Network and the achievement of various awards. This extra work is a direct reflection of the high commitment of staff.

5.5.6. There are a number of new pieces of legislation on the horizon which will effect the Service in the near future and which Members ought to be aware of:- “home information packs”, requiring all sellers of property to provide an information pack to buyers (to be introduced in 2007); “car boot sales”, requiring, amongst other things, that anyone holding a sale to register with the Service (draft government bill at present); “second-hand dealers” - requirement to register with the Service (proposal out for consultation)

5.6 2007/2008 Budget Required.

The required budget for the Consortium for 2007/2008, including any unavoidable inflation is £1,952,732. This would be apportioned between the boroughs as follows:-

| | Fixed Costs (33.62%) | Activity Costs (66.38%) | Total Costs |
|-------------------------------------|--------------------------------------|----------------------------|--|
| Brent (55.55%) (54.06% ex rent) | £319,019 + £ 62,942 | £ 702,685 | £ 1,021,704 +£ 62,942 =£ 1,084,646 |
| Harrow (44.45%) (45.94% ex rent) | £274,615 | £ 593,471 | £ 868,086 |
| TOTAL | £593,634 + £ 62,942 = £656,576 | £1,296,156 | £1,889,790 +£ 62,942 =£1,952,732 |

The above figures include Brent’s total payment of notional rent costs on the accommodation that Trading Standards occupy. The above figures are based on Brent’s guidance of an inflation rate of 3.0% for salaries, 2.0% for running costs and on an employer’s superannuation contribution of 23.1%. The subjective breakdown of the total costs is attached as an appendix.

The required budget only reflects unavoidable inflation, in particular a rise in employee costs, which includes an allowance for next year’s pay award. The above figures do not take into account the cost of filling the enforcement officer post kept vacant in Harrow, nor does it include any savings that might have to be made in either Council in 2007/8.

- 5.7. The budget shown in 5.6 above would produce the same units of output work as 2006/2007 in both boroughs, but would not account for new legislation and duties. This is based on the work priorities remaining largely the same as this year (see appendix 1).
- 5.8 The DETR Best Value Performance Indicator-BV 166, is a checklist of enforcement best practice for Trading Standards and Environmental Health Services. The score for the Service on compliance with the Indicator is currently at 100%. Trading Standards are now included in the CPA assessment in each Council. The Service is now assessed as part of the overall CPA process, by the Audit Commission, not only on compliance with BV166, but also on the number of high risk premises inspected each year; the level of compliance in all premises visited; and on the level of satisfaction with the Service by both businesses and consumers. During 2005/6, the Service achieved the upper threshold in each indicator, in each borough. It is therefore vital, in order to maintain the "upper threshold" standard for CPA rating that the existing complement of officers is as a minimum maintained.
- 5.9 The budget making processes in each Council are currently at too early a stage to identify likely budgetary allocations for 2007/8.

6.0 **BACKGROUND INFORMATION**

6.1 2007/2008 Budget File

Any person wishing to inspect the above should contact J Taylor, First Floor, 249 Willesden Lane, London NW2 5JH, telephone 020 8937 5500.

JOHN TAYLOR
DIRECTOR OF TRADING STANDARDS

APPENDIX 1

Service Aim, Priorities and Objectives

Service Aim

The overall aim of the Trading Standards Service is **“to ensure a safe, fair and equitable trading environment exists for consumers and commerce alike.”** This aim will be achieved by enforcement of the legislation assigned to the Service, carried out with due regard to our mission statement and within the terms of our overall objectives.

Service Priorities

The priorities for the Service are:-

National Priorities

- i) Informed Confident Consumers
- ii) Informed Successful Businesses
- iii) Enforcement of a Fair and Safe Trading Environment
- iv) Efficient, Effective and Improving Trading Standards Services

Local Priorities

- i) Investigation and speedy resolution of consumer complaints.
- ii) Advice to traders and consumers.
- iii) Inspection of relevant trade premises to achieve compliance.
- iv) Partnership working with other organisations.
- v) Promotion of these objectives to the community.
- vi) Verification of trade equipment
- vii) Warning and prosecuting offenders where appropriate.

Performance Management has been introduced for all staff, who have monthly assessments to ensure targets and results are met and full appraisals twice a year to ensure all the unit priorities and objectives are achieved. Each officer's Key Result Areas and Success Criteria reflect the priorities and objectives.