

London Boroughs of Brent and Harrow Trading Standards

Joint Advisory Board – 25th March 2013

Report Number. 01/13 of the Head of Trading Standards

For Information

TITLE OF REPORT: **TRADING STANDARDS BUDGET FOR 2013-2014**

1.0 Summary

- 1.1 This report provides a briefing to Members on the 2013-14 Trading Standards budget and the implications of any future funding reductions and the potential decline in income from the Proceeds of Crime Act (POCA) 2002.

2.0 Recommendations

- 2.1 That Members consider this report and comment where appropriate.

3.0 Financial Considerations

- 3.1 The whole report relates to the finance of the Trading Standards Service.
- 3.2 Although this report does not itself have financial implications, it reflects the position of the Trading Standards budget for 2013-14 following the budget making process in both Brent and Harrow Councils.

4.0 Background

- 4.1 Table 1 below shows the annual budget for the provision of Trading Standards services since 2008/2009 along with the surpluses that were generated at the end of each year and the income derived from POCA. The table also shows the net budget for each year which reflects the true cost to each borough.

Table 1

BRENT

HARROW

Year	Operating budget	Surplus	POCA	Net Budget	Operating budget	Surplus	POCA	Net Budget
2008/09	£956K	£52K		£904K	£816K	£50K		£768K
2009/10	£886K	£52K		£834K	£816K	£51K		£768K
2010/11	£845K	£63K		£782K	£828K	£58K		£770K
2011/12	£649K	£0	£25K	£624K	£625K	£0	£25K	£600K
2012/13	£649K	£0	£50K	£599K	£625K	£0	£50K	£575K

- 4.2 Insofar as the current financial year is concerned, the Trading Standards Service budget is unlikely to show any further surpluses other than the total of £100K which is being returned to Brent and Harrow Councils.
- 4.3 The implications of the reductions in the budget are highlighted in Table 2 are as follows :-

- Since 2008/9 there has been a 30% reduction in the Brent budget.
- Since 2008/9 there has been a 25% reduction in the Harrow budget.
- Since 2008/9, the Trading Standards staff establishment has decreased from 31.5 fte to 19.5 fte which represents a 30% decrease in staffing levels.
- Despite the above reductions in budgets, the Trading Standards Service has continued to generate the same level of surpluses thus reducing the net cost to the respective boroughs whilst continuing to provide a better value for money service.

4.4 Examples of work that has been reduced or is no longer carried out include:- underage sales, product safety investigations, inspections of trade premises, investigations of consumer complaints, maintenance of approved trader schemes, consumer advice and education, community projects, rapid response to doorstep crime, assisting consumers with their civil claims, formal enforcement actions/prosecutions, partnership working and a decrease in e-crime investigations.

4.5 Table 2 below shows the impact of the net budget reductions since 2009/10. As can be seen there has been a corresponding reduction in the amount of work that is now carried out by the Service, particularly in relation to the number of complaints that have been investigated and the number of prosecutions undertaken which have dropped by 29% and 42% respectively. However, it should be noted that the reason that the number of inspection visits and reports have risen in 2012/13 is due to the additional temporary staff employed by the Service as a result of the funding received by the Brent Trading Standards team for the Olympic Games.

Table 2

Year	Complaints	Inspection Visits	Underage Test Purchases (Sales)	Reports	Prosecutions	Costs Awarded
2009/10	3362	1624	400 (20)	130	46	£35K
2010/11	3281	1427	381(35)	118	75	£125K
2011/12	3005	1124	383(40)	71	34	£25
2012/13	2393	1771	327(22)	85	27	£21

4.6 The reduction in the Trading Standards budget has led to a decrease in work outputs and could lead to potential risks for both Brent and Harrow Councils, namely:- increase in injuries and death from unsafe products, increase in health issues and anti-social behaviour amongst the young from increased sales of age restricted products. According to a recent Unison report on the provision of Trading Standards services, the current austerity measures have resulted in more illicit goods such as tobacco and spirits being sold to consumers which, amongst other things, creates an unfair trading environment for *bona fide* traders and leads to difficulties in attracting legitimate businesses to the area.

4.7 As a result of the previous budget cuts, the Trading Standards Service has become a reactive organisation and the ability to carry out proactive work or conduct complex cases has been greatly reduced. Example of complex work not undertaken include traders that sell counterfeit goods from Wembley Market, doorstep crime

initiatives, proactive investigations into car traders, one day sales, etc. These types of investigations have traditionally have been the source of financial investigations that lead to seizure of assets under the Proceeds of Crime Act. In addition to this, training that is normally provided to staff in order to maintain their competency levels have had to be curtailed and, in some cases, completely stopped. The medium/long term impact of this could be that the Trading Standards Service will not be able to meet the Council's statutory obligations due to a lack of suitably trained and qualified staff.

- 4.8 Table 3 below provides details of the potential income that was forecast in November 2011 from POCA. However, that was based on the establishment that existed at the time and if we are to achieve the income from POCA, then it is essential to ensure that we maintain the level of investigatory resource and prosecutions so that we have a flow of POCA cases to pursue.

Table 3

	2011-12	2012-13	2013-14	2014-15
Net Savings - Brent	£25K	£50K	£75K	£100K
Net Savings - Harrow	£25K	£50K	£75K	£100K

5.0 2013-14 Budget Proposals

- 5.1 LB of Brent have agreed to maintain the existing Trading Standards budget for 2013-14 i.e. £649K. However, the LB Harrow recently indicated that they are seeking a further reduction of £140K from its 2013/14 base budget of £625K in addition to the £75K from POCA which would leave a net contribution of £410K. This would result in a reduction of 35% from Harrow's Trading Standards 2012-13 budget and a 50% reduction since 2009-10.

5.0 Staffing Implications

- 5.1 The proposed reduction in the 2013/14 Harrow Trading Standards budget would lead to the deletion of at least 3 front line posts. If these further cuts were to be realised, then the implication will be to totally stop or further reduce some of the abovementioned activities. It will also result in the Trading Standards team only being able to provide a fragmented low level reactive service and without the ability to conduct large scale investigations which provide the source of the POCA incentivisation monies. In addition to this, there has been a distinct lack of referrals from the Harrow Planning Department for financial investigations which I am reliably informed is due to the fact that appropriate planning infringements are not being investigated and prosecuted as there are only two planning enforcement officer posts in place. Therefore, should the proposal to reduce the Trading Standards budget by £140K take place, then abovementioned income forecast will simply not be achievable and, as such, the proposed savings for future years will not be achievable.

7.0 Agreement for Future Funding

- 7.1 Meetings have been held with the respective Brent and Harrow Commissioning officers and senior Trading Standards managers with a view to finding a viable solution. As a result of these discussions it has been agreed between the two Councils that the LB of Harrow will continue to provide the existing level of funding for 2013-14 and the further saving of £140K will be met from POCA income from cases that have already been concluded, but where the incentivisation monies are yet to be received.
- 7.2 During these discussions, it was apparent that the vast majority of the POCA cases have resulted from Trading Standards investigations and from those referred by Brent Planning Service. Therefore, it has been further agreed that to meet the increased demands for savings, the LB of Harrow would actively encourage its planning department to institute proceedings for breaches of building regulations and refer these cases to the Trading Standards Service for financial investigation. In addition to this, the legal department for Harrow, which has taken over the provision of legal services for LB of Barnet, would refer appropriate planning and benefit fraud cases to our Accredited Financial Investigators with a view to increasing the incentivisation income.

8 Conclusion

- 8.1 As a result of the above measures, members are advised that the above mentioned savings will be achieved through the course of 2013-14 but that the matter will be kept under review and reported to the respective Commissioning Officers on a quarterly basis. Furthermore, any further reductions will undoubtedly impact on the Trading Standards Service's ability to investigate and prosecute the cases that lead to financial investigation under POCA.

9.0 Background Information

- 9.1 2013/2014 Budget File.

Any person wishing to inspect the above should contact N Bilon, Third Floor, 349-357 High, Wembley, Middlesex, HA9 6BZ, telephone 020 8937 5500.

NAGENDAR BILON
HEAD OF TRADING STANDARDS