



Trading Standards
27 November 2013

**Report from the Head of Trading
Standards**

For Information

Wards affected:
ALL

Trading Standards financial update and budget for 2014-15

1.0 **Summary**

1.1 This report provides Members with information on the current 2013-14 financial position and likely outturn and the operational budgetary requirements for Trading Standards for the 2014-15 financial year.

2.0 **Recommendations**

2.1 That Members note the likely 2013-14 outturn

2.2 That Members note the budget requirement for the same service level from each borough

2.3 That Members note the risks to future levels of complex enforcement action and the ability to secure Proceeds of Crime Act receipts arising from reduced staffing levels

2.4 That Members consider this report and comment where appropriate.

3.0 **Financial Considerations**

3.1 This report relates to the financial position of the Trading Standards Service.

3.2 Although this report does not itself have financial implications, it provides Members important information on likely 2013-14 outturn and the proposed Trading Standards budget for 2014-15 for 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 2008-09 along with the surpluses that were generated at the end of each year and the amount invested into the Service from income derived from the Proceeds of Crime Act (POCA). The table also shows the net budget for each year which reflects the true cost to each borough.

Table 1**BRENT****HARROW**

Year	Original budget	Surplus	POCA	Net Budget	Original 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	£674K	£0	£50K	£624K	£625K	£0	£50K	£575K
2013/14	£674K	£0	£75K	£599K	£625K	£0	£75K	£550K

2013-14 Out-turn

4.2 Insofar as the current financial year is concerned, the Trading Standards Service budget is forecast to spend to budget. It is anticipated that the budgeted sum of £75K from POCA receipts will be achieved for each borough, but otherwise there is unlikely to be any underspend.

Relative budget position

4.3 Table 1 shows that there have been substantial reductions in the Trading Standards budget for both boroughs since 2008-09. :-

- Since 2008-09 there has been a 34% reduction in the Brent budget and a 28% reduction in the Harrow budget.
- For 2012-13, Brent's contribution to the overall Trading Standards budget was 52% and Harrow's was 48%.
- Since 2009, the Trading Standards staff establishment has decreased from 31.5 FTE to 18.5 FTE which represents a 30% decrease in staffing levels.
- Provisional information from CIPFA for 2012-13 places Brent and Harrow Trading Standards firmly within the third quartile for net cost.
- Despite the above reductions in budgets, the Trading Standards Service has continued to be innovative and has been able generate some surpluses and income through Primary Authority Partnerships and Proceeds of Crime, thus reducing the net cost to the respective boroughs whilst continuing to provide a better value for money service.

4.4 As a result of these budget reductions, the Trading Standards Service has become a more reactive organisation and the ability to carry out proactive work or conduct complex cases has been greatly reduced. Examples of complex work not undertaken or undertaken less often include investigations into counterfeit goods, doorstep crime, 'car clocking', unsafe products, etc. These types of investigations have traditionally been the source of financial investigations that lead to the seizure of assets under the Proceeds of Crime Act. A further pressure has been the greater burden placed on officers as a result of an increase in bureaucratic requirements such as obtaining judicial approval for covert surveillance activities and giving prior notice to traders before carrying out routine inspections.

- 4.5 Examples of lower priority work which has been reduced or is no longer carried out include: product safety investigations, inspections of trade premises, investigations of consumer complaints, maintenance of approved trader schemes, underage sales, 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.
- 4.6 A further concern is that training normally provided to staff to maintain their competency levels has 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 Councils' statutory obligations due to a lack of suitably trained and qualified staff.
- 4.7 The consequent decrease in work outputs is of obvious concern to both Councils with increased risks of injuries and death from unsafe products, increase in health issues and anti-social behaviour amongst the young from increased sales of age restricted products. 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.

Proceeds of Crime Act

- 4.8 Table 2 below provides details of the potential income that was forecast in November 2011 from the POCA. Those figures were based on the establishment that existed at the time. If we are to achieve the income from POCA, then it is essential that we maintain the level of investigatory resource and prosecutions so that we have a regular flow of POCA cases to pursue. However, as stated above, the effect of the recent reductions in staffing levels has resulted in fewer cases being prosecuted and, therefore, leading to a much reduced number of cases suitable for financial investigations. In fact, the current position is such that our Accredited Financial Investigators (AFIs) are almost totally reliant on the cases that have been referred to them by Brent Planning Service and the Harrow Benefits Team. If we are to meet our commitments for 2014-15, then steps must be taken to increase the Trading Standards ability to conduct complex cases that lead to POCA investigations and to also build up a greater portfolio of referrals from the other regulatory Services within Brent and Harrow Councils.

Table 2

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

- 4.9 Apart from the issues raised in 4.8 above in relation to the inability of the Service to meet its commitment to return £100K to each borough, the other potential risk is that if the current trend continues then the sustainability of the Financial Investigation Team is at risk as it has not been possible to build up the contingency fund to account for the uncertainty that is associated with these types of financial investigations. As a result of this, the long term viability of the team is uncertain in the event of the anticipated shortfall in income from the POCA incentivisation scheme.

5.0 2014-15 Budget Proposals

- 5.1 LB Brent plan to maintain the existing Trading Standards budget for 2014-15, i.e. £674K, which includes the 1% salary increase for 2013-14. LB Harrow had previously indicated that some reduction in the Trading Standards budget may be considered for 2014-15, however, no information is available at the time of writing in relation to Harrow's budget intentions.
- 5.2 To maintain the same level of service as for 2013-14 will require a budget contribution from Harrow the same as 2013-14 with a 1% increase to account for the additional salary costs for 2013-14 and any other anticipated employee costs increases in 2014-15. This would amount to £631k. .
- 5.3 Members are also asked to consider that if there is any potential for growth, then Trading Standards should be included in those discussions along with the other services to alleviate the above mentioned pressures, including the ability to investigate and prosecute cases that lead to POCA investigations.

6.0 Staffing Implications

- 6.1 The Trading Standards Service is currently undergoing a structural review along with the other regulatory services in Brent. The implication of this is to create a larger Service which, along with a number of other regulatory functions, will include the joint Trading Standards teams under one Head of Service. The current Head of Service post that has responsibility for the two borough Trading Standards teams and the POCA officers will be combined with a similar post to create one position to lead the newly created Regulatory Services Team. This will generate some further savings for the two boroughs. In all other respects there are no further staffing implications for the Trading Standards Service.
- 6.2 Should Harrow's budget not be maintained at the level proposed there may be a further requirement for reductions in staff numbers with the risk of redundancies.

7.0 Next steps

- 7.1 It is proposed that meetings be held between the respective Brent and Harrow Commissioning officers and senior Trading Standards managers with a view to agreeing the budget for 2014-15. As a result of these discussions it is hoped that a viable solution can be found with respect to the funds that are due to be paid to each borough from the POCA incentivisation scheme and to provide some certainty so that the Trading Standards Service and the Financial Investigation Team can continue to deliver excellent services in the future.
- 7.2 As stated during the March 2013 Joint Advisory Board meeting, the vast majority of the POCA cases have resulted from Trading Standards investigations and from those referred to us by the Brent Planning Service. It was, therefore, agreed that LB Harrow would actively encourage its Planning Service to investigate breaches of planning control and refer these cases to the Trading Standards Service for financial investigations. It was also suggested that the Legal Department for Harrow, which had taken over the provision of legal services for LB Barnet, would refer appropriate planning and benefit fraud cases to our Accredited Financial Investigators with a view to increasing the incentivisation income. However, as yet there have been no such

referrals and Members and officers are urged to assist with the above so that the Trading Standards Service is better placed to meet its financial commitments.

8.0 **Background Information**

8.1 For further information please contact N Bilon, Brent Civic Centre, Fifth Floor, Engineers Way, Wembley, Middlesex, HA9 0FJ, telephone 020 8937 5500.

NAGENDAR BILON
HEAD OF TRADING STANDARDS