

London Boroughs of Brent and Harrow
Trading Standards Advisory Board – 9th December 2010
Report Number 4/10 from the Head of Trading Standards

For information

Title of Report: Government's Comprehensive Spending Review and the Future of the Consumer Landscape

1.0 Summary

1.1 This report provides Members with details of recent announcements by Government that will impact on the future role of the Trading Standards Service. While no firm decisions have yet been made by Government, the likelihood is that Local Authorities will have an even greater part to play in the provision of Trading Standards Services.

2.0 Recommendations

2.1 That Members consider this report and comment where appropriate.

3.0 Financial Considerations

3.1 The report itself has no financial implications. It is unknown what impact may arise as a result of the issues referred to in the report.

4.0 Staffing Implications

4.1 The report itself has no staffing implications. It is unknown what impact may arise as a result of the issues referred to in the report.

5.0 Detail

5.1 Introduction

5.1.1 Fair Markets and the future of the Consumer Landscape were featured in the Government's announcement in October's Public Bodies Review which was closely followed by the Comprehensive Spending Review. Thereafter, on 28th October, the Government also issued The Local Growth White Paper. All of these seemed to have an impact on the provision of consumer protection enforcement and in aiding the recovery of businesses, both of which are within the remit of trading standards.

5.1.2 The most substantial changes relating to trading standards were contained in a statement issued by The Secretary of State, Department for Business, Innovation and Skills (BIS), Vince Cable on 14th October. The statement was titled "*Changes to the UK consumer and competition bodies*". The complete statement and the questions and answers that accompanied it, are included as Appendices 1 and 2 respectively.

5.1.3 In recognising the roles that various consumer organisations play, Mr Cable said:

“Consumers are represented by a bewildering array of public, private and voluntary bodies, which often duplicate efforts to inform, educate and advise consumers of their rights. Our aim is to create a simpler structure with a single competition authority and a stronger role for front-line consumer services.”

The main intention of the Government is to simplify consumer advice, education and protection, all related functions would in future be undertaken by either Citizens Advice or Trading Standards, in part due to their high public awareness and trust levels.

5.1.4 The Government will publish a consultation early next year that will go into detail about what is proposed and how that will be delivered. While we cannot say for certain what changes will happen, these are comments on the effects on different bodies.

5.2 Likely Impact on Trading Standards

5.2.1 In his statement of 14th October 2010, Mr Cable said the following in respect of Trading Standards:

Trading Standards will be given responsibility for enforcement of almost all consumer law. Local threats to fair trading will continue to be handled at local authority level. But national and regional threats will now increasingly also be addressed through one or more dedicated, expert teams, within Trading Standards with work co-ordinated nationally for this purpose.

5.2.2 Responding to the announcement, Baroness Margaret Eaton, Chairman of the Local Government Association, said:

“There are some sensible decisions here such as putting council trading standards at the centre of enforcing almost all UK consumer law. Having government recognise officers’ expertise in enforcing important regulatory functions is a clear statement of faith in councils’ ability to deliver.”

5.2.3 It seems likely that the OFT consumer enforcement role will be passed to the ‘Trading Standards family’. It is unlikely in the current climate that this will be by means of a ring fenced grant but probably by increased funding at a regional and possibly national level. If that is the case, it is vital that the trading standards service within local authorities is maintained at a reasonable level and indeed, to be in a position whereby it is sufficiently resourced and prepared to deal with the undoubted changes that will be brought about.

5.2.4 In my capacity as the current Chair of the London Trading Standards Authorities (LOTSAs), I expect to play an important role in informing decision makers of how best to achieve these changes. In fact, in March 2010, I met with a Director from BIS with discussions centring on LOTSA and the innovative, wide variety and complexity of the work that Brent and Harrow as a Consortium undertakes. I am confident that the size and complexity of the cases that we prosecute helped inform the response to one of the questions accompanying Vince Cable’s statement: ***“There are examples of cases where local officers have dealt with complex cases successfully...”***

5.2.5 Further mention of trading standards was made in the Local Growth White Paper, which details the critical role that local authorities can play in supporting the economy of

their area. One of the key ways it mentions of doing that is by keeping markets fair by maintaining trading standards.

5.2.6 Within the Consortium area, this is consistent with our approach as we strive to do taking action against those businesses that flout the law and by supporting legitimate traders through advice and assistance. We strongly believe that the action we take against rogue traders does not only benefit consumers but also honest businesses who only want to trade fairly.

5.3 Consumer Direct & Citizens Advice Bureau

5.3.1 It is highly likely that Consumer Direct, which provides the first point of contact for the majority of our consumers will transfer from the Office of Fair Trading to Citizens Advice.

5.3.2 Consumer Direct is a national service akin to NHS Direct, which provides the first point of contact for the majority of consumers who require advice and assistance on trading standards issues. All consumer contact is by telephone or email which is then logged on its database and the details are forwarded to the relevant trading standards service for either information or action depending on the nature of the complaint. Not only do we receive the majority of our consumer complaints in this way, but we use the information contained on the Consumer Direct database to monitor the level of complaints against traders in Brent and Harrow as well as on a national level. We are then able to determine whether to provide advice or take enforcement action against those businesses that generate a disproportionately high level of complaints.

5.3.3 Any reduction in the level of service as currently provided by Consumer Direct will have a negative effect on consumers in Brent and Harrow, who will perceive this as a cut initiated at Local Authority level whereas this will certainly not be the case. Furthermore, it is important that the quality of the information collected during this first contact is reliable and accurate as this forms a great part of our intelligence gathering processes.

5.3.4 Should Consumer Direct cease to exist, then the onus for the provision of this 1st tier advice will fall undoubtedly revert to back to Local Authority Trading Standards.

5.3.5 The Chief Executive of the Trading Standards Institute has already met with Citizens Advice and the Office of Fair Trading to start the discussion about how this transfer will progress.

5.4 The Office of Fair Trading

5.4.1 The current proposals will probably see the Office of Fair Trading no longer having a role in consumer enforcement. The only role possibly envisaged is relating to the most economically complex test cases. Even coordination of national consumer issues seems likely to sit within the trading standards family.

Conclusion

The consultation due early in the New Year will potentially see the biggest change to the consumer landscape in a lifetime. It is positive to see that the Government is looking to place trading standards at the forefront of the enforcement of almost all consumer protection legislation and recognising the importance of the work that we do. In reaching this decision the Government has recognised the value of Trading Standards and placed their faith in Local Authorities to take on these additional responsibilities. With such changes imminent it is vitally important to safeguard the current resources of the

Consortium as much as is possible so that the experience and expertise that we currently have are not lost in the short term to meet any austerity targets only for those same resources to be required when these changes come into being.

It is now, more so than ever before that Members and particularly those who are part of the Joint Advisory Board, can play an important and active role in shaping the future of the provision of these important services and the Trading Standards as a whole.

Nagendar Bilon
Head of Trading Standards

Appendix 1

Changes to the UK consumer and competition bodies

Statement by Vince Cable, Secretary of State, Department for Business, Innovation and Skills

October 14 2010

In terms of consumer issues, I believe that we should have a model that strengthens the front line while cutting down the complexity, confusion and waste, which accompanies the proliferation of bodies.

Currently, enforcement of general consumer law is shared between the Office of Fair Trading (OFT) and Trading Standards. Consumer complaints are handled by a constellation of sector-specific bodies, by the Citizens Advice service and by the dedicated helpline Consumer Direct, which is operated by OFT. Research and advocacy work is done by OFT, Consumer Focus and in some regulated sectors there are a number of specific consumer bodies. Information and education provision is split between all of these bodies I have outlined.

We have identified two groups to be at the centre of our plans for a better model for the consumer landscape. The first is the Citizens Advice service, which includes Citizens Advice and Citizens Advice Scotland, charitable bodies consisting of a network of local bureaux supported by a central guidance, policy and social advocacy function. The second is Trading Standards, which are part of local authorities and provide the vast majority of on-the-ground enforcement of consumer law. They also undertake local education initiatives

Both these groups have high public awareness and trust levels. I am therefore minded to shift almost all relevant central Government funding for consumer bodies towards these two groups in order to achieve the changes set out below.

In our proposed new regime, Trading Standards will be given responsibility for enforcement of almost all consumer law. Local threats to fair trading will continue to be handled at local authority level. But national and regional threats will now increasingly also be addressed through one or more dedicated, expert teams, within Trading Standards with work co-ordinated nationally for this purpose. Specific arrangements may need to be made in Scotland and Wales.

This approach chimes with the Government's Localism agenda, should lead to significant efficiency savings and is a potential model for integrating local and national funding for regulatory enforcement in other areas.

In addition to these measures, I propose that responsibility for all non-financial consumer education, information and advice, and notably the Consumer Direct helpline, will transfer to the Citizens Advice service. I believe there is scope for other Government advice and information services also to become part of the Citizens Advice service, to reinforce a simple message to consumers – if you need information or advice, go to Citizens Advice.

Appendix 2: Changes to the UK consumer and competition bodies, Q and A's

What is the purpose of these changes?

The Government believes it is necessary to have a model that strengthens the front line, while cutting down the complexity, confusion and waste which accompanies the proliferation of bodies. To this end BIS has identified the following two groups as most crucial:

- **Citizens Advice** (and, in parallel, Citizens Advice Scotland) is third-sector and is made up of a network of local bureaux supported by a central guidance/policy and social advocacy function.
- **Trading Standards** are part of local authorities and provide the vast majority of on-the-ground enforcement of consumer law. They also undertake local education initiatives. Local Government Regulation (LGR) co-ordinates the activities of local Trading Standards services.

What will happen to consumer enforcement?

The intention is that Trading Standards will be given responsibility for enforcement of almost all consumer law. Local threats to fair trading will, as now, be handled at local authority level. National threats will be addressed through one or more dedicated, expert bodies, with Local Government Regulation (LGR) ensuring transfer of bespoke funding from BIS, coordination of effort between local and national levels and a seamless service overall. OFT will continue to supply insights for consumer enforcement from its market analysis work. BIS will consult on the practicalities and details of the new arrangements early in 2011.

BIS will have to ensure that the important links between complex market studies and enforcement which depends on economic analysis, remain effective and deliverable. There may be a case to retain a consumer enforcement role for OFT in relation to the most economically complex test cases. This will be examined in detail in the consultation in early 2011.

BIS will work with LGR, the Trading Standards Institute (TSI), and OFT to ensure that the bulk of OFT's current international coordination activities on consumer enforcement are continued, as far as possible within the Trading Standards "family", and to secure continuing enforcement guidance and policy. The consultation in early 2011 will also cover the practicalities and details of these shifts. Specific arrangements may need to be made in Scotland and Wales.

How will this work when local councils are already cutting Trading Standards Services?

The provision of local Trading Standards services is a matter for individual local authorities, who must answer to their electorates. The intention is that BIS will provide specific funding for enforcement against national threats, which will help to retain and support critical mass within the Trading Standards family as a whole, but it cannot and will not substitute for effective enforcement at local level.

Local Trading Standards officers lack the expertise to deal with complex or economic cases.

There are examples of cases where local officers have dealt with complex cases successfully, and we will work with LGR to design a model that allows resources to be allocated to large cases as and when appropriate. Additionally, local officers often have a culture of working with business to resolve problems. But the Government will also consider the case for OFT to retain some enforcement capacity for large and economically complex test cases.

What about second tier advice?

For general consumer issues, this will remain the responsibility of local Trading Standards services. For energy and postal issues, our proposal is that these will be provided by the Citizens Advice services once the functions of the Extra Help Unit currently part of Consumer Focus have been transferred. Other specialist second-tier advice centres will be looked at by the relevant Departments to see if there is value in also transferring them into Citizens Advice. This will be subject to public consultation.