

London Boroughs of Brent and Harrow Trading Standards' Advisory Board

21st March 2011

Report Number 5/10 from the Head of Trading Standards

For information

Title of Report: **Trading Standards Savings Review and Budget for 2011-12**

1.0 Summary

1.1 This report provides Members with details of the savings proposals for Trading Standards, including the impact of 'Wave Two' of Brent Council's Staffing and Structure Review. It also indicates the likely budget for 2011-12.

2.0 Recommendations

2.1 That Members consider this report and comment where appropriate.

3.0 Financial Considerations

3.1 The report contains details of the significant financial impact as the net result is a reduction of over £400,000 in the Consortium's budget. The detail of this is included in Sections 5, 6 & 7.

4.0 Staffing Implications

4.1.1 The report contains details of the significant staffing implications which are discussed in Sections 5, 6 & 7 and will result in the deletion of posts and redundancies.

5.0 Detail

5.1 Background

5.1.1 Brent & Harrow Trading Standards Consortium currently operates at a cost in the second quartile for London Trading Standards services. That is, around a third of London Trading Standards services are more expensive per head of population and per business than Brent & Harrow. Therefore, around two thirds are less expensive.

5.1.2 The Service successfully prosecutes a high level of cases and it is in the top quartile for the numbers of formal enforcement actions taken by London Trading Standards services. The cases it prosecutes are serious criminal matters, leading in a significant proportion of cases to custodial sentences. They are also matters of serious concern to the local community.

5.1.3 Both Brent & Harrow are subject to serious financial pressures and, for the 2011-12 financial year, both Authorities need to make significant savings. Harrow has indicated that they need to reduce their budget for Trading Standards by around £200,000 per annum. Brent have had a need to reduce costs across the regulatory services, of which Trading Standards are a part, and related in-house environmental services, by around £800,000. In this context, Brent also

require approximately £200,000 in savings from the Trading Standards budget similar to the amount that is being sought by Harrow. This report indicates how this might be achieved in the Consortium context and what would be the consequences.

5.2 Brent's Structure & Staffing Review

5.2.1 Brent was subject to a review in 2009 by Price Waterhouse Coopers which concluded that overall, the Council had too many staff with management responsibilities and with narrow spans of control; too high a proportion of staff in enabling and support functions; and too low a proportion of staff in service delivery roles. A cross-Council programme of change over the last eighteen months has addressed these issues. A first wave which ended in March 2010 removed 50 managerial and supervisory posts. A second wave which ended in October 2010 removed a further 300 posts focused mainly on managerial and support posts.

5.2.2 Current initiatives include another wave of the Staffing and Structure Review which will remove further management capacity totalling more than 100 posts. This has significant impact on Trading Standards. This review forms part of a wider programme of cost reduction (the One Council programme) which addresses *inter alia* property costs, procurement, customer contact, business support, remuneration, income generation and support service costs.

5.3 Brent's Budget Driven Post Reductions

5.3.1 The One Council programme is expected to deliver £21million of revenue budget savings across the Council for 2011-12. The forecast budget shortfall is £16million of which Environment & Neighbourhoods (the organisational home of Trading Standards) needs to find nearly £6million, and the regulatory group of services, with some related street based services, around £800,000 in establishment costs and income.

5.4 Brent's Proposals

5.4.1 Amongst a wider set of changes Brent is presently consulting on a set of proposals which will reduce the establishment by 32 management and supervisory posts within the Environment & Neighbourhood Department, and which will deliver the target cost reductions.

5.4.2 **Appendix 1** shows the current organisational structure of the Environment & Protection Division. **Appendix 2** shows the proposed organisational structure. Key features are:

- I. A significant reduction in the numbers of management posts;
- II. A significant reduction in the numbers of staff engaged in service development and support roles;
- III. An increase in the number of senior professional roles to ensure continuing capacity for service delivery.

5.4.3 All three of these elements of change are in line with the principles identified by the Price Waterhouse Coopers 2009 review.

5.5 Specific Savings Proposals

- 5.5.1 It is proposed that, instead of a dedicated Head of Service for Trading Standards there should be a Head of Service for all the services regulating business activity, including food safety, standards and hygiene, as well as health and safety enforcement. This reduces the cost of the Head of Service by half saving £46,450 per annum for the Consortium.
- 5.5.2 It is also proposed to delete one of the three Assistant Head of Service posts with a saving of £63,902 per annum.
- 5.5.3 The move of Trading Standards from their office in Willesden Green to a main, municipal portfolio office in Wembley will mean that 0.25 fte can be released from the post of Lab & IT Manager to give savings of £12,993 per annum.
- 5.5.4 The move to Brent house should also lead to a reduction in accommodation costs in the future.

5.6 Service Development & Support Costs

- 5.6.1 Rationalisation and centralisation of service development and support costs in line with the principles of the corporate business support review is expected to lead to further substantial savings.
- 5.6.2 The present establishment in Trading Standards for these functions comprises a Service Development Officer costing £56,686 per annum, a Senior Customer Services Officer costing £48,446 per annum and two Customer Services Officers costing together £70,422. The total cost of these posts is £175,554 per annum.
- 5.6.3 Within the proposed centralised service development and support function the following costs would be incurred for the Trading Standards Consortium:
- i. 0.2 fte Service Improvement Manager costing £12,046 per annum.
 - ii. 0.5 fte Service Improvement Officer costing £24,223 per annum.
 - iii. 1.5 fte Business Support Officers costing £52,817 per annum.
- 5.6.4 The total cost of service development and support would be £89,085 per annum, a saving of £86,469 per annum for the consortium.
- 5.6.5 *Summary of Cost Savings from Central, Service Development & Support Costs*

Head of Service	£46,450
Assistant Head of Service	£63,902
Lab & IT Manager	£12,993
Service Development & Support	£86,469
Total	£209,814

5.6.6 At the 2010-11 budget division (51.7% Brent, 48.3% Harrow) this will deliver £101,340 for Harrow and £108,474 for Brent.

6.0 Further Savings Proposals

6.1 *Proceeds of Crime Act*

6.1.1 Over recent years a modest but sporadic income has been derived from confiscations under the Proceeds of Crime Act (POCA), an aspect of work in which the Consortium has developed considerable expertise. There are now a number of cases in progress and it is proposed (as suggested by Councillor O'Dell at the Joint Advisory Board recently) that some recognition of anticipated income from this source could now be built into budgets. The identification of a particular sum is problematic given the very long lead time of these cases but it is proposed that £50,000 could be budgeted for 2011-12 with some confidence, i.e. £25,000 for each borough.

6.1.2 It is hoped that in future years, the amount of income derived from POCA that can be re-invested into the Trading Standards budget could be increased. However, as the amount that can be recovered from the POCA incentivisation scheme is uncertain, then it would be misconceived to suggest that the contribution to the Trading Standards budget can be increased year on year from this source. Nevertheless, as part of this process, a pragmatic approach should be taken by carrying out a review during the annual budget setting exercise to decide what funds can be invested into the forthcoming years' Trading Standards budget. It is important that if POCA is to be used as a means of subsidising the Trading Standards budget, then a considered long term approach should be taken so as to ensure that there is a contingency fund to counteract the erratic nature of the income and to provide stability for the Service as well as a level of job security for these much sought after and highly trained Accredited Financial Investigators (for further information see Section 8.1.1 below).

6.2 *Civil Advice*

6.2.1 A Consumer Advisor is employed for each borough. The provision of advice on civil matters is a discretionary service for Councils, and it is suggested that in the present financial circumstances that, although popular with residents, this is not a priority. Each borough would save £41,767 by deleting their respective post of Consumer Advisor and thus ending the provision of this service.

6.3 *Vacant posts*

6.3.1 There are two vacant Assistant Enforcement Officer posts in the establishment, one for each borough team. If these posts were to be deleted there would be no severance costs incurred. Each post would save £35,211 per annum and have less of an effect on work output than deleting an Enforcement Officer. This will leave one Assistant Enforcement Officer in each Borough team.

6.4 Summary of Savings Proposals

Item	Total	Brent	Harrow
Central and support costs	209,814	108,474	101,340
POCA	50,000	25,000	25,000
Consumer Advisor	83,534	41,767	41,767
Assistant EO	70,422	35,211	35,211
Total		210,452	203,318

6.4.1 These savings proposals result in a Trading Standards budget for 2011-12 of £1,301,000, a reduction of 24%, with contributions of £625,000 from Harrow and £676,000 from Brent.

7.0 Risks

7.1.1 Full year savings for the posts that are currently vacant will be achievable. However, other posts are subject to a 90 day consultation period which ends on 22nd April. Notice periods of up to 12 weeks mean that full year savings for those posts for 2011-12 will not be achievable.

7.1.2 Posts that are not currently vacant will incur redundancy costs. As per the Consortium agreement these costs will be met by each Borough.

8.0 Future Savings Options

8.1.1 it is envisaged that there will be further requirements to find savings and efficiencies over the next few years as part of the Government's austerity measures. Therefore, the options for savings for future years beyond 2011-12 are highlighted below for further consideration by Members

8.1.2 **POCA:** - To achieve increased income from this source, a detailed business plan needs to be developed by training further Accredited Financial Investigators to market these services to our respective councils and to other Local Authorities for an hourly fee and/or a percentage of the total monies recovered.

8.1.3 **Computer Forensics:** - Over the years, the forensic examination of digital equipment has played a major part in trading standards investigations and is likely to increase as a result of the growth in internet shopping, which provides an even greater opportunity for criminals and scamsters to deceive unsuspecting consumers. To avoid the expense of external forensic examinations, it is suggested that an in-house expert is trained in order to save costs and also to maximise income by offering this service to other regulators. This is a key advantage of the consortium where the scale of activities and the types of investigations conducted allows us the opportunity to develop this type of specific expertise.

- 8.1.4 Working in partnership to provide joint services allows for greater efficiencies and budget savings due to economies of scale. The opportunity to realise further savings can be achieved by finding another partner for the Consortium, which could ensure additional saving for each authority of up to £50,000 per annum.
- 8.1.5 The Service provides “Home Authority” advice to a number of large businesses. The new “Primary Authority” scheme creates a statutory relationship for which the Local Authority regulator can charge the business for advice and assistance.
- 8.1.6 A metrology partnership consisting of six Councils already exists to provide specialist weights and measures functions in North East London. A similar Service spearheaded by Brent & Harrow Trading Standards could be formed to provide weights and measures functions in North West London which could generate much needed income from Authorities with limited capacity to undertake this much needed, specialist statutory function.

NAGENDAR BILON
HEAD OF TRADING STANDARDS