

# LONDON BOROUGHS OF BRENT AND HARROW

## TRADING STANDARDS ADVISORY BOARD - 9<sup>TH</sup> MARCH 2005

### REPORT NO. 2/05 FROM THE DIRECTOR OF TRADING STANDARDS

#### FOR INFORMATION

TITLE OF REPORT: TRADING STANDARDS BUDGET FOR 2005/2006

#### 1.0 SUMMARY

1.1 This report provides Members with information concerning the Trading Standards budget required for 2005/2006 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 2005/2006 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 Committee 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 35.6 staff, 28 provided on a borough basis and 7.6 shared staff. Harrow has 10 front line enforcement staff, 2 front line support staff and a team leader. Brent has 12 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 officers working for Harrow and 18.8 for Brent.

## 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 2005/2006 are £607,643. This is 32.54% of the total budget, (reduced from 33.25% last year). Included in the figures for fixed costs is the notional rent for the accommodation of which Brent 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 2005/2006 estimate is £1,259,705 (£678,086 for Brent and £581,619 for Harrow). 95.2% of these costs are the salaries of staff; 2.9% is for essential transport, and 1.9% for sampling and analyst fees.

5.3.2 Each area of variable costs has been examined and reduced wherever possible. £1,259,705 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. Many 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 equipment, and this is likely to be extended to carrying out repairs as well, ensuring that this source of income will gradually diminish for the Service. Fees charged under the Weights and Measures Act are recommended by the Local Authority Coordinating 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 reduced significantly over the last year, so I have estimated the income from this source to be £15,500 for next year (a decrease of £ 3,330, approximately 18%).

5.4.2 The main source of income now is from costs awarded against defendants following conviction in court. The estimated income has been increased for next year by £4000 to £33,000, although this income is by no means certain and subject to award by the courts. This 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 now accounted for separately for each borough, to provide improved monitoring. This has involved reconstructing 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 now apportioned to a specific borough, rather than on a percentage basis.

## 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.

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 6 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 enforcing all other legislation (largely carrying out demand led reactive work), 1 officer enforcing "Stop Now" regulations 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 £33,000 has been estimated for 2005/2006, an increase of £4000 from 2004/2005 (approximately 14%). Many more defendants, however, are now opting for Crown Court trial which involves the cost of instructing counsel. 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.

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; the running of the mobile display unit, 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 morale and commitment of staff.

## 5.6 2005/2006 Budget Required to Maintain the Same Level of Service as 2004/2005.

The required budget for the Consortium for 2005/2006, in order to provide the same level of service delivery, and including any unavoidable inflation and committed growth is £1,867,348 This would be apportioned between the boroughs as follows:-

	Fixed Costs (32.54%)	Activity Costs (67.46%)	Total Costs
Brent (55.62%) (54.16% ex rent)	£301,124 + £59,386	£678,086	£979,210 +£59,386 =£1,038,596
Harrow (44.38%) (45.84% ex rent)	£247,133	£581,619	£828,752
<b>TOTAL</b>	£548,257 +£59,386 =£607,643	£1,259,705	£1,807,962 +£59,386 =£1,867,348

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 2.95% for salaries, 2.0% for running costs and on an employer's superannuation contribution of 20.1%, (1.5% increase with effect from 1/4/05). 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.

5.7. The budget shown in 5.6 above would produce the same units of output work as 2004/2005. 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%.

5.9 Latest Position Concerning the 2005/6 Budget

5.9.1 Harrow has not yet concluded the budget making process for next year, the budget details in this report in relation to Harrow could therefore be subject to change.

5.9.2 Brent is providing a total budget of £998,794 (which will include all the notional rent for the Trading Standards accommodation). This is £39,802 less than that identified in 5.6 above. The reduction in budget will result in the deletion of one enforcement officer post.

Harrow's budget, to provide the same level of service as this year, would need to be £828,752 as detailed in 5.6 above. This has still to be agreed.

If Harrow approves this amount, the total available budget for the Service would be £1,827,546 as detailed below.

The apportionment between Fixed and Activity costs are:-

	Fixed Costs (33.25%)	Activity Costs	Total Costs
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		(66.75%)	
Brent (54.65%) (53.13% ex rent)	£301,124 + £59,386	£638,284	£939,408 +£59,386 =£998,794
Harrow (45.35%) (46.87% ex rent)	£247,133	£581,619	£828,752
<b>TOTAL</b>	£548,257 +£59,386 =£607,643	£1,219,903	£1,768,160 +£59,386 =£1,827,546

The above figures include Brent's total payment of notional rent costs on the accommodation that Trading Standards occupy.

5.4 If the final budget is approved as in the table above, Harrow's overall work output will remain the same as this year's but Brent's enforcement level will reduce commensurate with one officer's output. The work programme this budget will fund is contained within the Service Operational Plan also on the agenda for this meeting.

## 6.0 BACKGROUND INFORMATION

### 6.1 2005/2006 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 of consumer complaints.
- ii) Verification of trade equipment.
- iii) Advice to traders and consumers.
- iv) Inspection of relevant trade premises.
- v) Warning and prosecuting offenders where appropriate.
- vi) Liaison with other organisations.
- vii) Promotion of these objectives to the community.

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.