
Decision Session – Cabinet Member for Crime and Community Safety 6th September 2011

Report of the Assistant Director – Housing & Public Protection

Consumer Landscape Review Consultation

Summary

1. To inform the Cabinet Member of the government's proposed changes to the provision of consumer information, advice, education, advocacy and enforcement. To seek approval of a response to the consultation on the proposed changes

Background

2. The Department of Business, Innovation and Skills (BIS) issued its consultation paper on 'Empowering and Protecting Consumers' on 21 June 2011. It proposes radical changes to the provision of consumer information, advice, education, advocacy and enforcement. The new proposals aim to simplify the confusing and overlapping provision of consumer protection, strengthening the effectiveness of consumer enforcement, with more cost-efficient delivery that is closer to the consumer front line.
3. The government wants to see public funding concentrated on bodies that consumers trust and already turn to for advice – Local Authority Trading Standards Services (LATSS) and the Citizens Advice Service (CA). It proposes that all consumer protection functions delivered nationally by the Office of Fair Trading (OFT) could be delivered by LATSS.
4. Under the proposals almost all central government funding for consumer information, advice, advocacy and education will transfer to CA which enjoys high recognition and trust among the public as well as a track record of effective advocacy. The government would expect the CA to work closely with Which? and other organisations in developing and delivering its advice and advocacy functions.

5. The recent National Audit Office report concluded that £4.8 billion (73 per cent) of consumer detriment from unfair and rogue practices arises as a result of threats that span more than one local authority area but trading standards are overwhelmingly funded by local authorities. The government proposes to deploy national funding to facilitate a more integrated approach to national and cross-boundary threats. This activity would be more effectively coordinated at national level by Chief Trading Standards Officers to ensure that enforcement gaps do not arise and that activity overall is better targeted.
6. The government also propose to create a Competition and Markets Authority (CMA), by merging the competition functions of the OFT and the Competition Commission. The CMA would play a key role in ensuring that markets are operating fairly and in the interests of consumers. It would have powers to investigate markets in which there are, or may be, structural problems and to use competition or consumer law to resolve these.
7. The government's intentions can be summarised from the report as:

- **Consumer information, advice and education;**

CA should in future have responsibility for publicly-funded national advice and education of consumers, working with other organisations as needed. If you need information or advice, go to Citizens Advice. Consumer advice currently delivered by the OFT under the banner 'Consumer Direct' would be transferred to Citizens Advice from April 2012.

Consumer Direct currently provide a national telephone helpline and on-line self help facility to members of the public to assist with any consumer problems. The telephone helpline has been adopted by the overwhelming majority of local authority trading standards services in the UK as their first point of contact.

- **Consumer Advocacy**

CA should be the lead national, publicly-funded consumer advocate, building on its very well known brand and high levels of public trust. Accordingly, the Government proposes that Consumer Focus should be abolished.

- **Enforcement**

The government proposes to strengthen consumer enforcement by improving the national leadership and coordination capability of local authority trading standards services and by clarifying their responsibility to tackle cross-boundary threats. It also seeks to ensure that there is more effective partnership working and prioritisation of activity between trading standards services and the proposed CMA.

8. The government's preferred approach to enforcement is as follows:

- A new Trading Standards Policy Board (TSPB) would be created, made up of Chief Trading Standards Officers to provide leadership and coordination of Trading Standards in identifying and tackling regional and national threats. A proportion of the current OFT enforcement budget and BIS funding for national enforcement programmes would be combined and made available to LATSS through the TSPB.
- National and cross-boundary issues concerning unfair, unsafe or rogue trading practices, other than those arising from structural market problems, would be tackled by expanded regional trading standards teams (currently called Scambuster Teams) or by designated lead authorities with particular areas or sectors of expertise. In order to reduce the disincentive for individual authorities to take on more complex or risky cases, some provision for an indemnity fund or other mechanism for underwriting risk would be provided. The TSPB would be accountable to BIS for the way it spends national government money but there would also need to be appropriate political accountability through the Local Government Group.

9. The CMA would have responsibility for investigating and tackling enforcement in markets in which there are structural market problems. This would include the retention of consumer law enforcement powers as an option in these cases. The CMA would have significant discretion to determine when such structural problems exist.

10. Trading Standards' professional body, the Trading Standards Institute (TSI), would take on responsibility for consumer

enforcement guidance, training, international liaison and policy functions, reporting to TSPB and thereby to BIS.

Potential Impact on City of York Council Trading Standards Service

11. The council's current demand for consumer advice and trading standards support is about 3000 enquiries per annum. These callers receive their first response by initial advice from the Consumer Direct service, funded by BIS and provided regionally by West Yorkshire Trading Standards Service. Approximately 1000 of these enquiries, which require mediation, enforcement or advisory intervention or more detailed advice are passed to the council's trading standards service for action.
12. The government proposes to transfer the existing Consumer Direct arrangements and resources from the OFT to Citizens Advice. This would be a major change and a significant challenge for the CA, which does not currently provide any similar call centres. The changes are currently planned for April 2012.
13. There are currently no proposals to change the second stage advice, intervention and investigation work that is undertaken by the council's trading standards service. It is clearly important that LATSS establish the good partnerships they currently have with Consumer Direct, with CA, to ensure intelligence and efficient and effective reaction to consumer problems.
14. City of York Council is currently the 'host authority' for the Yorkshire and the Humber region, BIS funded, Scambuster Team. The team was established in 2008 and the majority of investigations undertaken to date have involved taking action against rogue trading activities that have impacted on the lives of residents of York as well as others in the region and throughout the UK. The grant funding for this team is currently £250K per annum. If the government's proposed changes are implemented it is likely that the investigative capacity of this team will be enhanced.

Consultation

15. There has been no consultation in relation to this report.

Options

16. The two options are:

Option 1 - To respond to the BIS consultation supporting the proposed changes. In particular to support for the value of a specialist Scambuster Team to undertake effective cross border enforcement against rogue traders. A proposed response to the consultation is attached at Annex A

Option 2 - Not to respond to the proposed changes.

Analysis

17. Adopting option 1 would recognise the positive contribution that the City of York Council's trading standards service and the regional Scambuster Team makes to protecting residents from rogue trading activities and helps legitimate business prosper in a fair market place.
18. Adopting option 2 would put not show support for the concept of cross border enforcement and may put at risk future grant funding.

Corporate Priorities

19. The work of the trading standards service impacts on the corporate priorities to 'Create jobs and grow the economy' and to 'Protect vulnerable people'

Implications

20. **Financial:** There are no financial implications associated with this report.
21. **Human Resources (HR):** There are no HR associated with this report.
22. **Equalities Implications:** It is often the poorer and more vulnerable members of society who become victims of rouge trading and find it difficult to access appropriate support and help.
23. **Legal:** There are no legal implications associated with this report.

24. **Crime and Disorder:** If implemented the government's proposals will improve the council's ability to tackle illegal, unsafe and unfair trading activities.
25. **Information Technology (IT):** There are no IT implications associated with this report.
26. **Property:** There are no property implications associated with this report.
27. **Other:** There are no other implications to consider.

Risk Management

28. There are no significant risks associated with this report.

Recommendations

29. That the Cabinet Member for Crime and Community Safety approves option 1.

Reason: To support the proposals to strengthen the council's capacity to protect the residents of York and help local businesses prosper in a fair trading environment.

Contact Details

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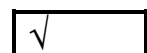
Steve Waddington
Assistant Director (Housing and Public Protection)

**Report
Approved**



Date 05/08/2011

Wards Affected: List wards or tick box to indicate all



For further information please contact the author of the report

Background Papers:

BIS Consultation Paper 'Empowering and Protecting Consumers'(June 2011)

<http://www.bis.gov.uk/Consultations/empowering-and-protecting-consumers?cat=open>

ACTSO/TSI/LGG Councillor Briefing – Review of the Consumer Landscape (May 2011)

National Audit Office Report 'Protecting consumers – the system for enforcing consumer law' (June 2011)

Annex 1 – Suggested consultation response.