

MAYOR AND CABINET		
Report Title	Response to matters referred by the Public Accounts Select Committee	
Key Decision	No	Item No.
Ward	All	
Contributors	Executive Director, Customer Services	
Class	Part 1	Date: 02 December 2009

1. Introduction

- 1.1 This report formulates a response to the matters arising from the Public Accounts Select Committee [PASC] referral to Mayor and Cabinet considered on 7 October 2009. This concerned the implications of the economic downturn for the work of the Council's trading standards and regulatory services teams.

2. Purpose of the Report

- 2.1 To respond to matters referred to Mayor and Cabinet by the PASC report on the implications of the economic downturn for the work of the Council's trading standards and regulatory services teams.

3. Policy Context

- 3.1 The original report was considered by PASC on 15 June 2009 and in reporting back to Mayor & Cabinet, PASC expressed concern about the capacity of the various regulatory services to deal with further increases in work load. In noting that the full impact of the recession on these services was not likely to be significantly noticeable until October 2009, PASC recommended that further information be requested when more data was available to include commentary on staffing, outputs and productivity.
- 3.2 Lewisham's Sustainable Community Strategy 2008-2020 contains the shared priorities for the borough. It sets out a framework for improving the quality of life and life chances for all who live in the borough. The Council has outlined ten corporate priorities which enables the delivery of the Sustainable Community strategy. Some examples of how the services which are the subject of this report can contribute to addressing these priorities are set out in the following paragraphs

- 3.3 The work of the trading standards, licensing and environmental enforcement teams addresses the priority of *'safety, security and a visible presence'* through activities aimed at:-
- reducing anti- social behaviour connected with the sale of alcohol and other restricted goods to children
 - ensuring the good management of licensed premises
 - tackling noise nuisance, graffiti and fly-tipping. These activities also have relevance to ensuring that Lewisham is *'clean, green and liveable'*.

It should also be noted that work carried out by trading standards to tackle the trade in illegal DVD's and also rogue doorstep sellers has frequently revealed links to other criminal activities of interest to the police and thus has implications for community safety.

- 3.4 The work of the environmental health food team to ensure that food hygiene and compositional standards are met contributes to the priority of ensuring active 'healthy citizens' and the work of building control, environmental health residential and housing grants and empty homes teams, addresses the priority of ensuring *'decent homes for all'*.
- 3.5 Successful street markets can support the strengthening of the local economy and the success of individual businesses can be supported via advice provided on health & safety, trading standards and food issues, which is provided to help businesses 'get it right first time'.
- 3.6 The various teams not only work in partnership with each other where appropriate but also with external public service partners such as the police and fire services plus private and third sector organisations such as the Federation Against Copyright Theft [F.A.C.T] and Deptford Action Group for the Elderly [D.A.G.E].

4. Recommendation

It is recommended that the Mayor:

- 4.1 Agrees that the responses shown in sections 5.1 to 5.7.4 herein, giving further detail as available, on a service by service basis, be reported to PASC.

5. Response to Public Accounts Select Committee Recommendations

5.1 Trading Standards

5.1.1 Overview

Following from the PASC report there is still no clear indication that the recession has significantly impacted upon demands placed on the service and the following paragraphs give some further detail relating to various specific activity areas.

- 5.1.2 Whilst not considered to be recession related, comparison of year to date [09/10] statistics with previous periods, suggests increases in recorded officer

activity along with quicker average completion times for consumer complaint investigation. Whilst both are indicative of improved productivity, the reduced completion times are also partially a result of closer scrutiny of the complaint investigation progress and the likely case outcome. Trading Standards currently has 8.1 full time equivalent operational staff plus one administrative support officer.

5.1.3 Consumer Complaints and Enquiries

Analysis of consumer complaint and enquiry levels from April – October 2009 show that there has been **no** change in the consumer complaint trends previously reported to PASC. At that time, increased levels in complaints about professional services [banking etc] and transport related matters were noted as were complaints relating to offers of inadequate redress and ‘unfair business practices. The limitations of the national system for coding complaints in analysing complaint types in more detail was referred to in the report to PASC.

5.1.4 The number of matters requiring active trading standards investigation/intervention has also remained relatively stable although at any one time the proportion of officer time spent on this activity can vary from between 20%-80%. Achieving an appropriate balance between reactive complaint work and project related activities has for many years been an ongoing challenge and will no doubt remain so.

5.1.5 Dealing with rogue traders

When complaint levels about a particular trader are considered to be of concern, the service applies a policy of early informal intervention if considered appropriate. This is to try and ensure that matters do not escalate. Such intervention is usually in the form of advice concerning trader obligations, the implications of not fulfilling them and best operating practice. In some circumstances this approach is actually a legal requirement upon the regulator although is less likely to be used in matters involving apparent fraud or where breaches are committed with clear intent.

5.1.6 Whilst there is no strict national definition of a ‘rogue trader’, the report to PASC did make reference to a trading standards performance measure based on ‘category X’ traders [i.e. those with 3 or more registered complaints]. The number of locally based category X traders reported previously was 40 but is now 41. However of these 41 only 8 are currently considered to be of significant concern and are being investigated in depth. In addition there a number of detailed investigations in progress arising from single complaints alleging or implying fraud.

5.1.7 Although the service is currently able to cope with the level of rogue traders, difficulties would be experienced if 2 – 3 more significant others with high complaint levels were encountered and it would then be necessary to consider deploying resources away from some project based activities such as work relating to ensuring that estate agents belong to an approved consumer dispute resolution service or monitoring product safety in second-hand shops.

5.1.8 Between July and October 2009 there have been 7 occasions [including 2 on the same day!] where the service has needed and has been able, to immediately respond to complaints relating to the activities of rogue builders who have 'cold called' residents. Such matters are given high priority (a) when the builders are actually on site or (b) are soon due to return to progress work already commenced or to collect/demand further payments. This compares with only 3 reported instances in the previous 4 months. The reporting of incidents is unpredictable and it is not being suggested that there is evidence of a recession related increase. If however the frequency of such reports were to significantly increase and this be maintained, our capacity to respond immediately would be compromised and also have an adverse impact on follow up and other areas of work.

5.1.9 Compliance Levels

Again there is no evidence that increased numbers of traders are committing significant breaches during routine visits and thus there has not been a need to increase revisit and other follow up activity.

5.1.10 The service has maintained its activities related to age restricted goods despite the long term absence of the relevant lead officer due to serious illness. Most recently this has involved work relating to the persistent selling of alcohol to children and the sale and safe storage of fireworks .

5.1.11 The need to carry out further investigation and monitoring following the above has resulted in the temporary suspension of some other compliance work [e.g. product safety at 2nd hand shops] but this cannot be considered as recession related. It is more an outcome of an increasingly targeted approach to regulation.

5.1.13 In respect of fireworks the service has noted a reduction in the number of premises registering for their storage and sale with only 35 so doing this year as compared to 45 in 08/09 and 57 in 07/08 . Although visits have been made to premises failing to re- register there is no evidence that retailers are trying to evade legal requirements and has thus not caused additional work . The reduction in registered premises may be considered as recession related as most are small retail businesses who cannot compete with the special firework offers [e.g. buy one get one free] promoted by some major supermarkets.

5.1.14 Service records do highlight an increased number of closed down premises with 72 identified in 08-09 whereas 85 such closures have so far been recorded between April and October this year. It is suggested that this is a symptom of the recession.

5.1.15 Trading Standards 'Impact'

Using an 'impact calculator' recently developed by the Office of Fair Trading [OFT] it is estimated that in Lewisham in 08/09, over £500,000 savings to consumers was achieved as result of our consumer complaint related activity realising a benefit to cost ratio of around £5 for every £1 spent on this aspect

of service provision. It should be noted that we are still refining our use of the calculator.

5.1.16 Whilst there is no equivalent calculator for savings to business, the Federation Against Copyright Theft [FACT] have estimated that the cost to industry of each illegal DVD is around £7.50 per disc. During the period 1 August to 31 October 2009, over 42,000 discs have been seized by trading standards thus amounting to an estimated saving to business of £315,000 giving a 'benefit to cost' ratio of around 18:1.

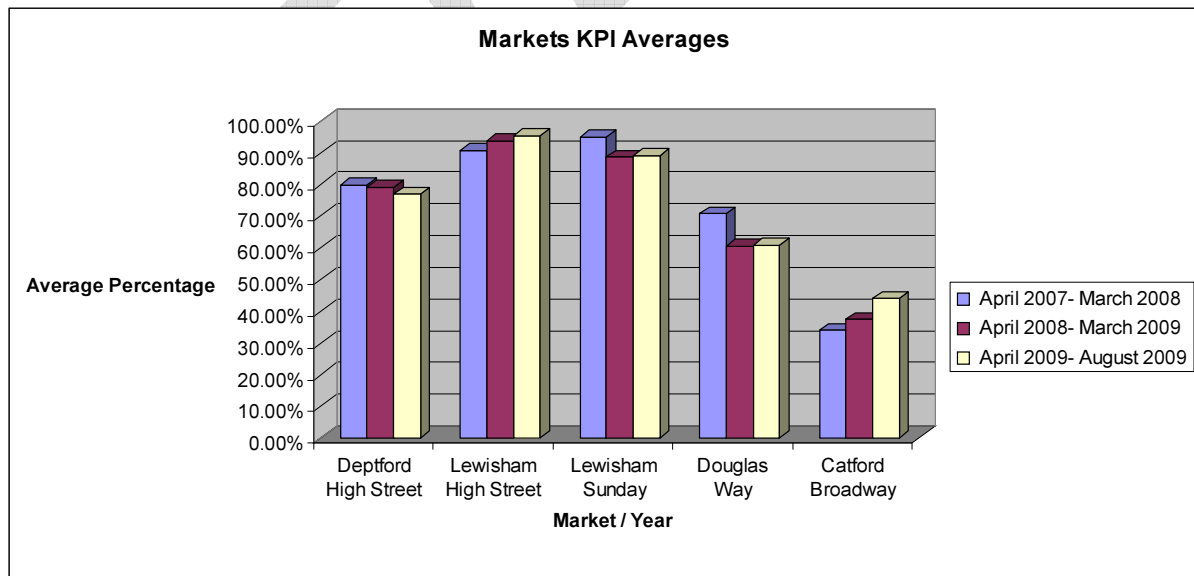
5.2 Markets

5.2.1 Overview

Some changes in this service area, arguably related to the recession, have been noted since the June report but their impact upon service provision to date, is not considered significant. The Markets Service currently has 7 full time equivalent operational staff almost exclusively dedicated to supervising and managing our street markets with a limited amount of time spent on trading matters in other areas [e.g. regulation of certain types of boot sale events].

5.2.2 Pitch Occupancy

The chart below gives an indication of how pitch occupancy in each of our main markets has varied from April 2007 – August 2009. Nationally, the average market pitch occupancy rate is estimated at 75%.



5.2.3 The reduction in pitch rental by long-standing traders in Deptford markets which was reported to PASC, has now been countered by an increase in pitches rented by casual traders [i.e. those who trade on an 'as and when' basis]. This has resulted in a modest net overall increase in the number of occupied pitches from the position reported in June. There has been a similar modest increase in pitch rental in Lewisham. The most marked increase in

pitch occupancy is noted in Catford although the levels are still disappointingly low.

5.2.4 The increases in pitch rental contrast with the information on shop closures reported by trading standards.

5.2.5 The increased administration associated with processing increased pitch rental applications can currently be accommodated within existing market service resources and indeed may be considered as a problem we would actually like to have!. Whilst the current increased levels of occupancy do not generally require additional market supervision, it does require greater attention to be paid to new traders as they 'settle in'. Should occupancy rates continue to rise then greater 'on site' supervision may be well be necessary and thus give rise to staffing implications.

5.2.6 Arrears in Trading Charges

Although levels of significant arrears [4 weeks charges or more] have not increased further since the June report, it is recognised that the position could change for the worse in the current economic climate. The service has thus recently revised its policy for pursuing arrears, reducing the period for formally commencing licence revocation from 12 weeks to 8 weeks. The additional administrative work entailed in this change can currently be accommodated within existing resources.

5.2.7 Unlicensed Street Trading & 'Boot Fairs'

Whilst no increase in unlicensed ['fly-pitch'] trading has been noted there are now indications that 'commercial' boot sales could increase. One new regular [and currently unlicensed] event has recently been identified by the service and an increasing number of general enquiries about organising such sales has been received although no evidence that they have actually begun to operate. Any increased frequency of such events may be a symptom of the recession and in the case of the specific event referred to above, the sale organiser has stated that they are trying to supplement falling 'core business' income.

5.2.8 Under some circumstances 'boot fairs' and other 'off street market' types of event require licensing and registration. Should a significant number of applications be made and /or unlicensed events commence, the service would find it difficult to deal with them with current staffing levels. Such events would also have implications for trading standards due to the increased potential for counterfeit, unsafe and other illegal consumer goods.

5.3 Licensing

5.3.1 There has been an increase in both new and variation licence applications as traders seek to diversify. Following conversations with the applicants this has been found, on many occasions, to be an attempt to increase revenue in the current financial climate. This has led to an increase in workload, however the surrender or closure of several premises has countered this to some degree.

Workload has changed direction but overall the team can currently adapt to deal with this.

- 5.3.2 Whilst currently the increased output required in certain areas has been covered by the fall in others, should licensees start to look to reduce costs resulting in poor management of the licensed premises, then the enforcement service would face difficulties in providing the additional levels of monitoring likely to be required

5.4 Building Control

- 5.4.1 Business activity in the construction industry has declined by approximately 25%. The areas hardest hit are the commercial and new homes sectors, although all areas have shown some reduction. It is obvious that most clients / builders are under great pressure to reduce costs and this has led to increased workload for building control. Officer resources are restrained by the fact the service operates on a trading account. It is therefore becoming increasingly difficult to inspect and enforce construction standards.
- 5.4.2 Staffing within the group has reduced due to the downturn in fee income. However, due to increase in workload this has necessitated an increase in productivity.

5.5 Environmental Health – Residential

- 5.5.1 With the collapse of the housing market and the credit crunch limiting the availability of finance to some landlords, there has been an increasing reluctance on the part of some to comply with the Council's requirements relating to poor housing standards. This has resulted in a corresponding increase in the number of prosecutions of landlords for these failures. This seems especially so for houses in multiple occupation (HMOs) where financial institutions seem particularly reluctant to lend to HMO landlords.
- 5.5.2 Meanwhile the team continues to work with those landlords that do respond and carry out works to address any poor housing standards found, often with housing grants to assist with the bringing of properties up to the decent home standard.
- 5.5.3 Two outputs are down due to the above. Firstly there has been a slight but significant deterioration of the team's response in responding to referrals from tenants within 7 days (as per target) and to visit (if necessary) within a further 14 days 90% of the time to 82%. Secondly the number of HMO licences being issued currently and the corresponding licence fee income, is also 65% lower than last year as a result in part to the reduction in lending by financial institutions to HMO landlords, but also due to the reluctance of certain landlords to operate legally with a licence and within the Council's standards for licensable HMO's. There are currently no staffing implications with regard to this.

5.6 Housing Grants & Empty Homes

5.6.1 As at 01/11/09 the budget for Empty Homes Grants for the year has been committed, so unless further monies are made available from SELHP, no further financial help for bringing empty homes back into use can be given. As a result we are turning prospective applicants away. Should significant further monies actually be provided, then without additional staffing this will inevitably lead to waiting lists for grant/loan aid and reduce the ability of the service to spend the available budget. A similar scenario would arise should staffing levels reduce and the SELHP monies remain the same.

5.7. Environmental Health

5.7.1 Food Safety

Analysis of food registration statistics reveal no significant variation in the number processed over the last 2 years. Although anticipated, neither has any significant deterioration in hygiene compliance levels been noticed and hence there has been no resulting increase in the level of required follow up action. The team will continue to monitor this as should compliance levels significantly reduce, the need for increased follow up will reduce the resource available for ongoing inspection directed at ensuring required standards are maintained.

5.7.2 Health & Safety

Health and Safety team has perceived an increase in business start up and closure activity over the last year although there is no specific supporting data available. The increased advisory work relating to new business has had an impact on occasions on the level of targeted inspection, however there has been no significant change in comparative levels of compliance at premises which have been subject to inspection.

5.7.3 Environmental Protection

Since the report to PASC this team has experienced significant growth in the demand for its consultation services related to regeneration and planning. This has arisen due to the advent of over 15 large scale development projects commencing between now and early 2010, which will invariably place a heavier demand on resources which are already considered to be operating at their maximum. Whilst there is no direct evidence that this growth is recession related, it may be that in a number of cases developers now feel sufficiently confident in future business prospects to proceed with these projects.

5.7.4 Environmental Enforcement

Whilst it was expected that there would be an increase in the level of service demand received regarding noise nuisance and fly tipping, there is no statistical evidence to suggest that this has occurred when compared with previous years.

6. Financial Implications

- 6.1 This report has no specific financial implications. All services represented herein seek to provide services within existing budgets and to prioritise issues and direct resources accordingly.

7. Crime and Disorder Implications

- 7.1 Regulatory service activities can play a key role in helping to ensure a safe community and reduce anti-social behaviour. This can be evidenced by trading standards activities to combat the illegal sale of alcohol and knives to children and to combat the activities of rogue doorstep sellers. Environmental enforcement actions against fly-tipping and graffiti as part of a joined up approach with services such as cleansing can also play a very significant part in reducing the fear of crime.

8. Equalities Implications

- 8.1 Persons on low and fixed incomes and other vulnerable groups might be especially adversely affected as a result of the economic downturn. Targeted regulatory services action can serve to support those at most risk and help safeguard personal and economic well being.

9. Environmental Implications

- 9.1 Regulatory services activities impact upon numerous environmental issues. For example environmental enforcement action against those who fly tip to cut costs, helps to ensure a clean and green as well as a healthy environment. Environmental protection helps to ensure acceptable levels of air quality. Markets can have positive effects on the character and community of the surrounding area and can play a key role in the vibrancy and attractiveness of town centres. Their locations may also contribute to reduced carbon footprints and less waste in the packaging often associated with food retailing.

10. Legal Implications

- 10.1 This report has no specific legal implications although many of the regulatory services fulfil numerous statutory functions. The continuing challenge for services is to balance and prioritise the performance of these duties against areas of community need.

11. Conclusions

- 11.1 Whilst there are some developments in the regulatory services work areas that can or may reasonably be attributed to the economic downturn, there is little direct evidence of it significantly impacting on most of the various services dealt with in this report. As reported to PASC, it may be the case that many impacts will only reveal themselves in the much longer term. All services represented herein are mindful of economic downturn issues and are making them a factor in service planning and direction of resources.

12. Background papers and report originator

12.1 There are no background papers to this report.

12.2 If you would like more information about this report please contact John Pye, Trading Standards and Markets Manager on 020 8314 2018.

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