

# Local Government Health Check Report 4: Trading Standards



**FOR THE  
MANY**  
NOT THE  
FEW

**LABOUR  
COMMUNITIES &  
LOCAL GOVERNMENT**

## Summary

- Trading Standards departments have over 200 statutory responsibilities including enforcement responsibilities for new plastic bag charges, overseeing the regulation of sale of alcoholic drinks, to ensuring consumer safety and protecting consumers from counterfeit goods.<sup>1</sup>
- The Chartered Trading Standards Instituted (CTSI) have blamed a “lack of knowledge and understanding among decision makers about the breadth of the Trading Standards remit, coupled with continued reductions in local authority budgets” and have warned that “there is a risk that legal challenges will increase if there is no change to the current model.”<sup>2</sup>
- Spending on Trading Standards has fallen from £213 million in 2009, to £105 million in 2018-19.<sup>3</sup>
- Between 2009-2016, the number of Trading Standards officers fell by 56%<sup>4</sup>
- Funding cuts have led to the downgrading of the protections that consumers depend on, and the tradition of routine inspections and sampling work has given way to a system based on consumer complaints.<sup>5</sup>
- The CTSI has warned that cuts have created a ‘postcode lottery’ of provision, and have called for an urgent review of how Trading Standards are resourced.<sup>6</sup>

## Budget cuts are undermining council's efforts to protect consumers and safeguard businesses

Council budgets are being heavily squeezed due to Tory Government cuts. Budget reductions of up to 50% over the last eight years have undermined the ability of local authorities to protect consumers and safeguard businesses.

Trading standards have over 200 statutory responsibilities including: the enforcement responsibilities for new plastic bag charges, overseeing the regulation of sale of alcoholic drinks, to ensuring consumer safety and protecting

consumers from counterfeit goods.<sup>1</sup>

By 2025, the Local Government Association predicts councils will face a £8 billion funding gap. Local authorities will have faced a reduction to core funding from the Government of nearly £16 billion since 2010. That means that councils will have lost 60 pence out of every £1 the Government had provided to spend on local services. Next year, 168 councils will receive no more core central government funding at all.<sup>7</sup>

The National Audit Office (NAO) has made clear that investment in local trading standards result in a cost-benefit ratio of 12.6 to 1. But pressure on local government budgets have forced councils to make cuts to balance their budgets. The NAO has estimated that local authority spending on trading standards fell from £213 million in 2009, to £124 million in 2015.<sup>4</sup> Research from the House of Commons has shown that spending will fall to £105 million in 2018-19, a fall of £108 million since the Conservatives came to power.<sup>3</sup>

On average across the UK per head spending on trading standards is below £2.

During the second half of this decade, the £533 million reduction in public health funding is also likely to impact trading standards provision. According to the LGA, these cuts are 'likely to have a particular impact on trading standards, given that public health has supported a number of trading standards posts in recent years, notably on work to tackle illegal alcohol, tobacco and under-age sales.'<sup>1</sup>

The impact of these cuts were investigated by 'The Department for Business Innovation and Skills (BIS) (now (BEIS)) and the Trading Standards Institute (now the CTSI). According to this 2015 report, almost all Trading Standards departments have experienced sharp cuts in their budgets and most now operate with about half the number of staff that they employed 5 years previously.


Between 2009 and 2016, there was a 56% reduction in trading standards officers. According to this

## Spending has fallen £108 million under the Tories

report, "there has been much loss of expertise and experience through voluntary redundancy programmes, departments have lost much of their resilience".<sup>2</sup>

They concluded that trading standards have "a relatively weak, and probably diminishing profile... both within the public eye and within the local authority context". ●





Increasing shortfalls in funding are leading to a downgrading into the protections that consumers depend on.

Some areas no longer operate special initiatives such as the administration of 'proof of age' and 'approved trader' schemes, and the tradition of routine inspections and sampling work to check compliance has largely given way to a work pattern that is more driven by referred complaints from consumers.<sup>5</sup>

But even then, cuts have hurt the capacity of the sector to respond to complaints. Letting agents are required by law to display a full list of fees in all their offices, shop windows

and online. However, following more than 1,350 complaints across London just 444 visits were made, 363 warning letters sent with 99 notices of intent and 52 final notices issued.

Consumers lost nearly £15 billion in 2015 from problems such as mass marketing fraud and counterfeit goods. With the average financial loss per victim aged between 75 and 79 of a mass market fraud being £4,500.<sup>4</sup>

The CTSI has warned that cuts have created a 'postcode lottery' of provision, and have called for an urgent review of how Trading Standards are resourced.<sup>6</sup>

**Increasing shortfalls in funding are leading to a downgrading into the protections that consumers depend on.**



# TRADING STANDARDS & THE NEXT LABOUR GOVERNMENT

- Local government desperately needs sustainable forms of funding, no longer based on arbitrary cuts on the budget of the previous year, but actually based on need – on the cost of delivering current and future services for our communities.
- Our Trading Standards departments need to be properly resourced after Brexit to ensure that unsafe goods are not allowed to flood the market.
- Under a Labour Government, properly resourced Trading Standards will be able to properly prioritise regulatory activities (checking weighing equipment, analysing food samples and testing the safety of products ) that are currently sidelined for more publicly visible responsibilities that directly address community concerns.
- The next Labour Government alongside the sector will develop a measuring and impact assessment system for Trading Standards departments, in order to monitor or evaluate the impact of their activities and allow departments to make informed decisions.
- Our product recall system is antiquated. To ensure consumer safety Trading Standards need to place a central role in bringing consumers and manufacturers together in a more 'joined-up' approach and in undertaking more product safety research. This work will also address the challenges created by the growth of online shopping.



TOP ROW, FROM LEFT

**Andrew Gwynne MP**  
Shadow Secretary of State for  
Communities & Local Government

**Dr. Roberta Blackman-Woods MP**  
Shadow Minister for Planning

**Jim McMahon OBE MP**  
Shadow Minister for Devolution

**Yvonne Fovargue MP**  
Shadow Minister for Communities

**Lord Roy Kennedy**  
Labour's CLG Spokesperson in the  
House of Lords

**Lord Jeremy Beecham**  
Labour's CLG Spokesperson in the  
House of Lords

**Stephen Morgan MP**  
Parliamentary Private Secretary to  
Andrew Gwynne MP

**References**

- 1. LGA Trading Standards Review, LGA. January 2016.
- 2. Vision for the future of trading standards. CTSI. May 2015.
- 3. House of Commons research, commissioned by the Labour Party. June 2018.
- 4. Protecting consumers from scams, unfair trading and unsafe goods. NAO. December 2016.
- 5. The impact of Local Authority Trading Standards in challenging times. University of Birmingham, Institute of Local Government Studies. March 2015.
- 6. Focus on trading standards' value. Journal of Trading Standards. May 2018.
- 7. Councils face almost £8 billion funding black hole by 2025. LGA. July 2018.

**Appendix**

Data provided by the House of Commons  
Library Economic Policy and Statistics Section  
on spending on Trading standard ssince 2010:  
<http://goo.gl/A7DHd2>



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