

Committee(s):	Date(s):
Port Heath & Environmental Services Committee	12 th November 2013
Subject: Implications of the changes to the consumer landscape of the UK for the future of trading standards enforcement in the City of London	Public
Report of: Director of Markets & Consumer Protection	For Decision
Summary	
<p>This report outlines the changes to the consumer landscape of the UK, and how it is now regulated, together with the implications and impact for the City Corporation's Trading Standards Team.</p> <p>It sets out the new governance arrangements by the National Trading Standards Board (NTSB), the regional resourcing arrangements through Scambusters Teams and the opportunity for Local Authority Trading Standards Services (LATSS), such as the City Corporation, to sustain complex, and often cross-border investigations, to reduce consumer detriment.</p> <p>Finally, it makes a recommendation in order to maintain the momentum with current on-going investigations, and to preserve such arrangements for the foreseeable future.</p> <p>Recommendation</p> <p>That Members approve the continued working of the City Corporation's Trading Standards Service within the new national framework, utilising both in-house resources and whenever possible, securing external resources from the Tri-Regional Scambusters Team through the National Trading Standards Board for projects and investigations affecting the City and beyond.</p>	

Main Report

Background

1. In April 2011, the Government published its strategy document, “**Better Choices: Better Deals**”¹ which set out raft of measures to empower and strengthen consumers' rights.
2. This was followed closely in July 2011 by “**Empowering and Protecting Consumers: Consultation on institutional changes for provision of consumer information, advice, education, advocacy and enforcement**” which set out a number of changes to the “consumer landscape” of the UK which is defined in that document as:-

“.....an array of public, private and voluntary bodies with overlapping responsibilities..... which taken together, form a complex landscape that is difficult for consumers to understand”.

3. The changes proposed included:-
 - a) the formation of a new Competition and Markets Authority (CMA), to be created by merging the competition functions of the Office of Fair Trading (OFT) and the Competition Commission;
 - b) the transfer of the then national Consumer Direct service to **Citizens Advice** (the City Advice service provided locally by the Toynbee Hall charity, supplies face to face advice for City residents and workers);

and most importantly to the City Corporation’s Trading Standards Service:-

- c) the formation of the National Trading Standards Board (NTSB) which became effective from April 2013 and which is intended to strengthen consumer protection through:-
 - overseeing Local Authority Trading Standards Services (LATSS) nationally; and
 - co-ordinating through the distinction of resources, the investigation of level 2 (regional) and level 3 (national) cross-border investigations.
4. The NTSB’s objectives are:-
 - Objective 1 - Ensure effective governance arrangements for the delivery of national and cross boundary consumer protection activities

¹ **Better Choices: Better Deals** - Department for Business Innovation & Skills and Cabinet Office – April 2011 www.bis.gov.uk/better-choices

- Objective 2 - Create systems to share intelligence more effectively and efficiently in order to identify and tackle emerging threats
- Objective 3 - Ensure effective delivery of national and cross boundary enforcement projects
- Objective 4 - Effectively coordinate and collaborate on all arrangements

and though providing a national framework, regional groups and LATSS can work in partnership, so improving consumer protection and reducing consumer detriment.

Current Position

5. The above changes to the consumer landscape and its regulation, now leave three levels nationally, as outlined below.

National Level

6. The NTSB, chaired by Lord Toby Harris, who attended a recent seminar at Guildhall hosted by the City Corporation, is formed of representatives of the Trading Standards Regional Groups and the Association of Chief Trading Standards Officers (ACTSO) and operates by prioritising and allocating a Department of Business, Innovation & Skills (BIS) grant in order to tackle regional and national cases of consumer detriment.
7. For 2013/2014, that grant is in excess of £13m and examples of key areas of funding are:-

a) Regional Scambusters Teams Project	£3,250,000
b) Illegal Money Lending Team Project	£4,370,414
c) E-crime	£919,746
d) Safety at Ports Project	£524,000
e) Intelligence databases	£450,000
f) Regional Intelligence Officers	£350,000
g) Regional Support	£300,000
8. The priorities for the NTSB as published in its first Business Plan for 2013/2014 are:-
 - a) doorstep crime, intellectual property crime, scams and other fair trading issues which are the main national threats facing consumers and business; and
 - b) e-Crime which is a cross-cutting theme across many of these threats and which has lead the NTSB to establish a National eCrime Centre, operated on their behalf by the Yorkshire & Humberside Regional Trading Standards Group.
9. The NTSB also recently published its national Integrated Operating Module (IOM) which establishes a framework for dealing with local, regional and national threats, similar to the former Level 1 (local) 2 (regional) and 3 (national) cases. It also clearly established the roles and responsibilities of all of

the organisations at these three levels including both enforcement and the collation and dissemination of intelligence on rogue traders and emerging scams and threats.

Regional Level

10. Trading Standards in the UK had been organised as regional groupings for some time - e.g. the London Trading Standards Authorities (LoTSA) - and it is through these groups, which pre-date the NTSB, that Regional Intelligence Officers and Scambusters teams first came to the fore.

Local Level

11. Use of resources provided by regional Scambuster Teams to help LATSS pursue cross-border scams and rogue traders is becoming a well-established practice across the UK, and three Tri-Regional Scambusters (TRS) Team investigators are currently working with the City's Trading Standards Team on alternative investment frauds in so called "boiler room" scams,
12. These scams are where a shell company is set up and whilst appearing to be legitimate with glossy publications, website and often a prestigious, City address, they actual operate out of a small virtual office.
13. Over a period of a few months, these rogue traders bombard consumers by telephone with promises of huge returns on investment, often using "sucker lists" of individuals who have previously fallen foul of this type of scam. They make as much money as possible but deliver none of their promises, goods or commodities and then simply disappear. Often the same individuals will re-appear with another shell company in another similar location within a matter of weeks and begin carrying out a similar fraud.
14. These scams currently involve the trading of alternative commodities such as:-
 - Wine;
 - development land;
 - rare earth metals;
 - diamonds; and
 - carbon credits.
15. A related issue referred to above is the use of prestigious City addresses as Mail Forwarding Addresses and Virtual Offices from which many of these scams are perpetrated and this too is a project being carried out with Scambusters support .
16. Without all of these specialist resources, the City's small Trading Standards Team would not have been able to pursue these investigations and the City's reputation as a financial centre would suffer.

Recommendation

17. That Members approve the continued working of the City Corporation's Trading Standards Service within the new national framework utilising both in-house resources, and whenever possible, securing external resources from the Tri-Regional Scambusters Team through the National Trading Standards Board for projects and investigations affecting the City, but also those with regional and even national implications.

Corporate & Strategic Implications

18. The greatest implication for the City Corporation in not continuing with this work is that we would be failing to support all three of the Strategic Aims our Corporate Plan 2012-2016:-
 - *To support and promote 'The City' as the world leader in international finance and business services.*
 - *To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes.*
 - *To provide valued services to London and the nation.*
19. Our reputation could be at stake for:-
 - a) allowing illegal trading to go unchecked, disadvantaging those legitimate City financial services businesses who trade legally and fairly;
 - b) failing to provide "*high quality local services....within the Square Mile*"; and
 - c) failing to provide "*valued services for London and the nation*" as whilst many of these businesses trade from within the City, their victims come from across the south-east region and the UK in general.

Financial Implications

20. Should external funding and additional resources not be obtain or no longer be made available, existing investigations will have to be greatly scaled down if not dropped completely and no new major investigations could be started.

Conclusion

21. The new consumer landscape in the UK with the NTSB controlling funding, regional groupings and their intelligence gathering role, Scambusters teams and LATSS the City Corporation now offers greater protection to UK consumers through improved enforcement.
22. Being able to draw upon these resources more easily than before will ensure that investigations do not stop at local authority boundaries, and that rogue traders, who have no respect for such administrative arrangements, are pursued and ultimately brought to justice.

Appendices

None

Background Papers:

Better Choices: Better Deals - Department for Business Innovation & Skills and Cabinet Office – April 2011

Empowering and Protecting Consumers: Consultation on institutional changes for provision of consumer information, advice, education, advocacy and enforcement – Department for Business Innovation & Skills – June 2011

National Trading Standards Board Business Plan 2013/2014 – April 2013

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