

Item 4

Update on Regulatory Services

Purpose of report

For information.

Summary

This report is for information and contains some key information about regulatory services issues that are of interest to the Safer and Stronger Communities Board. It also includes an update on the progress on the financial literacy / inclusion project as requested at the September Board meeting.

Recommendation

That the Board note the activities outlined.

Action

Officers to progress as appropriate.

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Update on Regulatory Services

Background

1. LG Regulation has been asked to provide the Board with an update of key regulatory services issues at each Board meeting. These items are for noting only but LG Regulation staff will be happy to answer any questions.

The Key Issues

Consumer Direct

2. In 2003, the Government provided a £30million p.a investment to set up regionally based call centres to deal with first tier consumer advice. This followed concerns about the alleged “postcode lottery” in advice provision by councils, which is a discretionary service. Since 2003, these call centres have been provided by groups of councils (usually working regionally and often with private sector partners) under contract to the Office of Fair Trading (OFT). Councils have always had the choice as to whether they use these call centres or continue to operate locally. All but a handful have chosen to use the regional centres and used the freed resources to improve enforcement and provide additional face to face support for vulnerable consumers and dealing with complex advice cases.
3. OFT has been successful in reducing costs down to circa £9m p.a. and these are expected to drop further. OFT has confirmed that funding will be available until March 2012 and they will give existing call centres an extension of their contract until March 2012. Councils’ trading standards services have welcomed this extension. Exact sums of money are not yet known and the procurement process is due to be completed in November. Once that is completed, LG Regulation will explore with councils whether we can suggest a model post-April 2012, where this funding is devolved to councils to provide this first tier advice again through its local call centres. At this stage, we understand BIS aspiration would be to see this advice delivered via Citizens Advice call centres (alongside other legal services advice, utilities advice etc which the government is required to provide).

Taxi Licensing

4. Following the release of the taxi councillor handbook, LG Regulation have now produced a Taxi and PHV licensing standardised conditions template. It is intended to act as a guide for councils to judge whether their existing conditions reach standards which are considered to be fair and reasonable for the trade,

as well as helping to ensure the public are protected whilst travelling by taxi and Private Hire Vehicles. A Taxi and PHV licensing criminal convictions policy template has also been developed through consultation with local councils, drawing elements from existing policies with the view to creating a standard document for reference.

Timescales for changes to Licensing Act

5. One of the proposals in the recent consultation on the rebalancing of the Licensing Act is to remove the 3 yearly requirement for reviewing licensing policy statements. This will not be implemented in time to change the current requirement to review policies in time for January 2011. The Home Office's current advice is that councils are legally required to continue with their policy reviews, and should base that review on the provisions of the Licensing Act 2003 as it currently stands.

Mandatory Licensing Conditions coming into force October 2010

6. The Home Office has confirmed that from 1 October 2010, two further mandatory conditions will take effect. These require an age verification policy to be in place to prevent underage sales; and ensure that customers have the opportunity to choose small measures of beers, ciders, spirits and wine.
7. The Home Office is currently in the process of updating its Mandatory Licensing Conditions guidance. We will make that available to councils once we receive it.

Progress on the Financial Literacy/Inclusion project

8. The below details LG Regulation activities and achievements to date:
 - 8.1. A leaflet distributed with *First* on 5th June 2010, which outlined the work of the LG Group on financial literacy.
 - 8.2. Initial relationship building with the new Consumer Financial Education Body (CFEB). A summary of information on the role and planned activities by CFEB has been sent to councils.
 - 8.3. New case studies on credit unions have been collated. These case studies will be published in later in October 2010.
 - 8.4. We have collated statistics from Office of Fair Trading on credit complaints and asked for examples of cases councils were looking at in relation to extortionate credit. We got very little evidence back from councils on this area. However, the OFT statistics from January 2009 to June 2010 show that:

- The total number of complaints about credit businesses has risen by 6%;
- Complaints have gone down in relation to HP, conditional sales agreements, credit /store cards, overdrafts, cheque cashing, credit reference agencies, and debt collection;
- The biggest fall in complaints was on overdrafts, down 94% from 71 in Jan-Mar 2009 to 4 in Jan-Mar 2010;
- The second biggest fall was in cheque cashing services which fell by 60%;
- Complaints have gone up in relation to linked and unlinked credit agreements/loans, debit cards, pawnbroking, credit brokers, debt adjusting, and credit repair;
- The biggest rises were in debt adjusting (106% rise between Jan-Mar 2009 and Jan-Mar 2010) and credit repair (170% rise in the same period);
- Complaints about pawnbroking also went up 96% in the same period.

- 8.5 The National Union of Students say they have no knowledge of major problems on mis-selling of loans to students and are not undertaking any activity in this area.
- 8.6 LG Regulation has called for Bills of Sale lending (where consumer rights are less) to be abolished. Plans to improve consumer rights in this area are on hold until 2013.
- 8.7 The Government has released its report on high cost credit. This confirmed that it will not legally “cap” interest rates.
- 8.8 The OFT has released Skilled to Go (their adult education project – more information is available via: www.of.gov.uk/skilledtogo) module on financial education to schools. LG Regulation has also promoted this to trading standards officers and consumer advisers.
- 8.9 There are currently no plans to include financial literacy in the national curriculum. The LG Group’s policy is to ensure schools are aware of material available (such as the skill to go tool) and leave it to local decision as to whether they include financial literacy on their timetables.

Milestones still to come

9. Cllr Sharon Taylor will be speaking about the work of councils on financial literacy at the Responsible Credit Convention on 19 October.
10. LG Regulation will be hosting a Consumer Credit update event on 4 November for council enforcement officers.

11. A joint BIS / Treasury consultation, due out in October 2010, will look at the future of credit enforcement. There may be proposals to centralise all credit enforcement in the new Consumer Protection and Markets Authority. We will consult the Board further once details are known.
12. LG Regulation will respond to a BIS consultation due out in Autumn / Winter on credit, insolvency and debt.
13. Further to the above, statistics to be received from OFT on convictions in extortionate credit.