

PROPOSED “HEART OF THE SOUTH WEST” TRADING STANDARDS JOINT SERVICE



I. Background on PCC's Trading Standards Service

I.1 The Trading Standards (TS) Service protects and promotes the safety, economic and environmental interests of Plymouth consumers and businesses. It aims to ensure that Plymouth's prosperity is not jeopardised by unfair or illegal trading. Particular consideration is given to the protection of customers who may be vulnerable. It fulfils those statutory obligations of the local authority that form part of the National Regulatory Framework, to protect consumers and to maintain a fair and equitable trading environment in which local businesses can thrive.

I.2 Key information on the current Plymouth City Council Trading Standards Service:

Customers	262,700 population. The local population requires protection from fraudulent businesses and advice and support to ensure consumer confidence to enter into transactions. 8000 local businesses who want to trade in a 'level legal playing field' and not face unfair competition.
Gross expenditure (actual 2019-20)	£0.383m excluding Central Recharges
Demand (2019-20)	220 Business enquiries. 1800 Consumer and business referrals/Intelligence reports.
Income (actual 2019-20)	£0.035m excluding Proceeds of Crime recovery. This mainly comes from the Buy with Confidence scheme, testing fees and includes recovery of legal costs.
Legislation enforced	Approx. 250 pieces - Largely statutory requirements.
Key external partners	National Trading Standards, SW Growth Hub, Trading Standards South West (Regional Coordination body), Police, Citizens Advice, HMRC, neighbouring Trading Standards services.
Establishment	10 posts equivalent to 9.29 FTE, Grades J to E. (Senior Officer position Vacant)

1.3 Service activities are dictated by a mixture of statute, national government priorities, and the corporate priorities of the Authority. In broad terms the Service operates in the following functional areas.

- Weights and Measures
- Tobacco control
- Protection of the vulnerable in terms of combatting scams
- Product Safety
- Fair Trading including fraudulent business practices
- Doorstep Crime
- Intellectual Property
- Age Restricted Products
- Animal Health and Welfare & disease control
- Consumer & Business Advice & Assistance

The work of the service contributes to the Plymouth Plan, particularly in relation to developing strong and safe communities (Doorstep crime, scams and age restricted products) and helping to reduce health inequalities (illegal tobacco, product safety).

Likewise, ensuring a 'level playing field' for business and a supportive regulatory environment is vital in order to promote the 'Growing Plymouth' priority in the Corporate Plan and the Resurgam agenda.

- 1.4 The service is provided by one of the operational teams within the Public Protection Service in the ODPH Directorate. It works closely with the Environmental Health teams and Licensing. It has staff of 9.29 FTE which includes a Senior Officer post which is currently vacant. For the purposes of the Shared Service, the Senior Officer post has not been budgeted for. The service is currently managed within a Multi-disciplinary team together with officers from Public Health. This means that a multi-disciplinary approach can be taken to deal with issues such as tobacco, smoking and scams.
- 1.5 The Service is intelligence-led and operates in line with the National Intelligence Operating Model. It works closely with other Trading Standards services across the region to tackle cross-border crime. Officers within the service contribute a significant role within the Trading Standards South West regional coordination body.
- 1.6 The Service operates a Buy with Confidence trader approval scheme. This scheme is a nationwide Trading Standards led initiative run with the objective of supporting good businesses, giving confidence to consumers and marginalising rogue traders. To join the scheme businesses must meet the required criteria and pay a membership fee. There are presently 137 members of the scheme in Plymouth.
- 1.7 Trading Standards is presently co-located with the other Public Protection Services at Windsor House. It shares some technical support with the other services in the Public Protection Service.

2. National developments

- 2.1 In recent years within the context of reducing local authority funding nationally, local Trading Standards services have been diminished in terms of overall resources, including staff and levels of expertise available. The Plymouth service has been reduced to what is currently considered the minimum level in order to deliver a legally compliant and acceptable service to the local population.
- 2.2 The 2015 Local Government Association review of Trading Standards provision delivered the key message that “in order to ensure the future sustainability of trading standards services, councils should explore the options for merging their services to create larger units. The LGA accepts the view that having fewer, larger TS services would help ensure greater resilience of trading standards services”.
- 2.3 The Chartered Trading Standards Institute has called for the creation of larger, more strategic Trading Standards authorities. They say “research and practical experience around the UK has shown that larger, more resilient units of trading standards delivery can result in a more appropriate allocation of resources, stronger strategic and operational leadership and benefits of scale.”
- 2.4 The National Audit Office 2017 report “Protecting Consumers from scams” considered joint services and commented that “...officers we spoke to (in joint services) were positive about their profile in the local authority and their enhanced ability to respond flexibly and efficiently”. It reported that around a third of TS services were actively considering forming joint services.
- 2.5 The following authorities have created joint TS Services:
Richmond and Merton, Surrey and Bucks, Kensington and Hammersmith & Fulham, Devon, Somerset and Torbay, Bridgend, Cardiff and Vale of Glamorgan, Torfaen and Blaneau Gwent, Bracknell Forest, West Berkshire and Wokingham, Peterborough and Cambridgeshire, West Yorkshire Joint Services.
- 2.6 The current Coronavirus pandemic has brought increased demands on all trading standards services, with additional investigative and enforcement responsibilities within the Coronavirus Regulations 2020 to ensure businesses are only open in appropriate and COVID secure ways.
- 2.7 At the end of 2020, Britain will exit the EU. Whether there is an agreed set of exit trade conditions or whether World Trade Organisation rules apply, it will be a time of great change, challenge and opportunity for British businesses and many will require support, advice and guidance to enable them to continue to trade successfully with Europe and internationally. Local businesses will need the support of a well informed and responsive Trading Standards service to enable this. Plymouth port in particular will require expertise to ensure that our border provides appropriate protection for our local

population and businesses and to ensure that animal health and welfare is appropriately monitored and enforced

3. Background on the current Devon, Somerset, Torbay Joint Service

- 3.1 In 2013 Devon Trading Standards and Somerset Trading Standards services merged. In 2017 that joint service merged with Torbay Trading Standards to form Devon, Somerset and Torbay Trading Standards Service (DST) TS.
- 3.2 Devon County Council is currently the lead and employing authority of a joint service for Devon, Somerset and Torbay local authorities and the model has proved effective and efficient in the view of the participating authorities.
- 3.3 The current Joint Service is predominantly funded through partner contributions established initially by a comparison of the individual budget ratios per capita, per business and per consumer complaint. Budgets are set over a 3 year period in order to balance the need for a degree of operational stability whilst ensuring that the Service can still effectively respond to uncertain funding pressures in the future. Provision is made for the sharing of any redundancy or exceptional costs. Any underspend or excess income is paid back to partner authorities according to the same ratio weighting.

4 Proposal for PCC Trading Standards to join and create and extended Joint Service covering the Heart of the South West area

- 4.1 A single service would be formed through partnership to cover the local authority areas of Devon, Somerset, Torbay and Plymouth.
- 4.2 The parties enter into an agreement to enable Devon to discharge Plymouth's trading standards functions under Section 101 of the Local Government Act 1972, as they currently do for Somerset and Torbay. If Plymouth joined, a new 10 year service agreement would be put in place. The agreement can be terminated by any of the parties by giving twelve months' notice.
- 4.3 A Joint Service Review Panel (JSRP) is established as the forum for consultation, discussion, resolution of strategic risks, issues and recommendations back to all parties on all aspects of delivery and strategy for the service. There is a dispute resolution provision in the agreement that details a chain of escalation should an issue not be resolved by the JSRP.
- 4.4 The JSRP reviews regular management reports in order to assess the performance of the Joint Service.

- 4.5 The JSRP is constituted from an elected member and a senior representative officer from each participating authority. Each party has an equal vote.
- 4.6 Currently, formal written approval is required from an authority's Authorised Representative for any variation in the legal agreement, proposed major restructure not detailed in the Annual Operational Plan or other issues not in the Annual Plan that have a significant impact on the Joint Service.
- 4.7 Individual parties retain ultimate control for setting their budget for the service and for approval of the strategic and operational plans.
- 4.8 The current JSRP, in its advisory capacity to Devon, Somerset and Torbay Councils, has considered the Full Business Case for this extended joint service and has recommended that approval be given to enter into a new 10 year agreement that includes Plymouth.
- 4.9 It is proposed that Plymouth City Council staff would TUPE transfer across to Devon County Council. The current Trading Standards staff have been kept fully up to date with the potential for change and the union lead representatives have been briefed. Any transfer of employees or other assets would be supported by the use of established processes which include formal consultation with Trade Union colleagues.
- 4.10 The Joint Service would have a single management structure, shared business support and would maintain offices in Plymouth as well as across Devon, Somerset and Torbay in order to be close to its customers, to ensure it can respond quickly to any urgent matter, to minimise travel costs and to minimise disruption to staff.
- 4.11 A SWOT analysis has been prepared to help analyse the benefits of this proposal and are attached in Appendix I. Risks and mitigations are detailed in the Full Business Case

5 Proposed Timeline

- 25th August 2020 - CMT
- 1st September 2020 and 8th September 2020 - Cabinet Planning [to be confirmed]
- 15th September 2020 - Agreement of Full Business Case by PCC Cabinet
- Finalise the Formal Agreement by 13 November 2020
- Execution of the Formal Agreement with the implementation of the Joint Service and transfer of staff by 1 April 2021

6 Financial Model

- 6.1 A Joint Service is likely to increase income generation from specialist services for businesses (for instance Buy with Confidence and Primary Authority agreements) and in securing additional external funding (through national and regional bidding for service

- delivery programmes). Economies of scale, joint advertising/promotion budget, resources and access to specialists will assist with this. The DTS Joint Service has a Business Support & Innovation team that allows businesses to access comprehensive business support packages including funding opportunities from one place as well as generating resilience and visibility within the local authorities and LEP area.
- 6.2 A key aim of the Joint Service will be to increase its income generation; a) through further development of the Buy With Confidence Scheme, b) through the use of a Metrology laboratory (which PCC do not have) and c) through Primary Authority Partnerships. Any additional income generated would be fed back into the Joint Service on the basis of a percentage split. The existing Business Support and Innovation service will be available to Plymouth businesses and the expectation is that this will support a significant drive to increase income generation without the need for additional staff resource. At present, the Plymouth Trading Standards Service struggles to generate significant income due to the minimum staffing levels.
 - 6.3 It is anticipated that the Joint Service approach would more effectively deliver any savings required by member parties, whilst still maintaining an acceptable level of service delivery. It is extremely unlikely that any significant level of saving could be achieved by the service operating individually, without impacting significantly on front-line service delivery and the ability to continue to meet statutory requirements and customer needs.
 - 6.4 A Joint Service would reduce costs through sharing resources, including IT and databases, intelligence, financial, legal and other specialist TS roles that can cover the wider service area more economically. As an example, our Accredited Financial Investigator (AFI) recently left the Authority and we now have no AFI resource and if needed, we would need to employ the services of one from another authority, likely to be DST TS. By having access to this provision within the joint service more Proceeds of Crime Act money could be retained by the Joint Service.
 - 6.5 The budget for 2021/22 includes £0.007m of budget to cover back office functions. There will also be some one-off financial costs during 2021/22 in creating a Joint Service, estimated to be £0.030m although, as yet, the amount that PCC will be expected to fund is being finalised.
 - 6.6 The TS team are currently located at Windsor House but, going forward, it has not yet been agreed if the team will stay there or relocate to other offices. There is a commitment from the existing Joint Service to maintain an office presence in each of the member authority areas.

- 6.7 Any budget savings will be shared between the four authorities broadly in line with their annual contributions (adjusted for one-off items and support service costs to ensure a like for like comparison). It is likely that the savings would be shared in the following proportions:

55.3% for Devon County Council

27.9% for Somerset County Council

6.8% for Torbay Council

10.0% for Plymouth City Council

Any exceptional costs will also be shared between the four authorities.

Year	Outturn £m	Proposed Budget
2018/19	£0.410m	
2019/20	£0.348m	
2020/21	£0.374m (Forecast)	
2021/22		£0.365m

7 Outcomes

- 7.1 The following outcomes are envisaged from the proposed joint service:

- A large, robust and resilient Service offering excellent Trading Standards provision to the population and businesses in the Heart of the South West area.
- A Service that can fully meet the challenges of a rapidly changing consumer protection landscape, world-wide pandemic and EU Exit to keep its residents and businesses safe and informed.
- The ability to enhance and maintain within the service the skills, knowledge and competency needed to fully cover the range and complexity of Trading Standards legislation enforced.
- Significantly increased income generation, resulting in potential future surplus being returned to the member authorities
- A Joint Service that has positive influence at a regional and national level
- Wider career opportunities for employees, better career pathways and professional development, enabling the recruitment and retention of excellent staff.

8 Present Delivery Option considered

- 8.1 The current internal service is at minimum staffing levels. Any further reduction would mean the authority could not fulfil its statutory requirements. It currently lacks resilience to fully respond to new challenges such as EU Exit.
- 8.2 The complexity and breadth of legislation means that currently not all specialist areas can be maintained
- 8.3 Alignment with alternative Departments is being considered. However, due to the specialist nature of Trading Standards work, which includes the requirement for Statutory based qualifications, alternative in-house options do not increase resilience and provide the benefits of scale of a joint service.
- 8.4 Individual elements of expertise and support could be commissioned from other Trading Standards Services e.g. Financial Investigation, Metrology lab, but this model does not provide cost saving opportunities and could increase the cost of service delivery.

9 Conclusion & Recommendation

There are a number of benefits from joining with a large cross-border Trading Standards Service. Foremost of these is the fact that it will provide resilience moving forward in an environment of fast changing consumer and business legislative requirements linked to events such as EU exit. It will enable the delivery of an excellent trading standards service across the whole spectrum of legislation to the population and businesses of Plymouth. It will also assist with resilience in terms of the current and potential financial pressures and challenges within the partner local authorities. It would also have added benefits in terms of a greater ability to drive income generation, economies of scale and improved staff development .

There is an established model that demonstrates how a large joint Trading Service can achieve these benefits and it is believed that the addition of Plymouth gives us the opportunity of creating the leading Trading Standards Service in the Country.

It is therefore recommended that Cabinet agree to the creation of the joint Trading Standards service to cover the Heart of the South West area.

Appendix I - SWOT ANALYSIS

Below a summary SWOT analysis is provided of both the in-house and potential merged service of TS for Plymouth.

IN-HOUSE

Strengths	Weaknesses
<p>Local focus and prioritisation within the regional/national priorities that meet local need</p> <p>Responsiveness to local intelligence/emerging threats</p> <p>Close working links with Environmental Health and Licensing</p> <p>Good results for Plymouth consumers and business (despite size) with large criminal cases taken, best practice examples acknowledged nationally, high regard for service with partners</p>	<p>Sustainability- recognised minimum staffing levels. Any further reduction would mean the authority could not fulfil its statutory requirements</p> <p>Complexity and breadth of legislation means not all specialist areas can be maintained (drawn on from neighbouring teams if/when required at additional cost)</p> <p>Limited resilience to respond to unforeseen challenges and external factors such as product safety emergencies, complex frauds, animal disease outbreak, impact of EU Exit etc.</p> <p>No existing capacity to increase income generation</p>
Opportunities	Threats
<p>There is limited potential with additional resource for some increase in income from:</p> <ul style="list-style-type: none"> • Primary Authority/business advice work • Buy with Confidence 	<p>Opportunity for merger may be time limited in the future if “late to the table” or Devon CC and partners change their position – Nationally 1/3 services currently considering merger.</p> <p>Further financial savings that reduce FTE would result in an unsustainable service</p>

SWOT ANALYSIS - JOINT SERVICE

A summary SWOT analysis is provided below of the potential for a future joint TS service with Devon, Somerset and Torbay (DST). Devon County Council being the Lead Authority.

Strengths	Weaknesses
<p>Existing Joint Service considered to be a success by current member authorities and in national context</p> <p>Benefits of scale in Joint Services evidenced in research and practical experience by Chartered Trading Standards Institute</p> <p>Larger service enables full range of skills, knowledge and competency amongst staff to deliver excellence for local businesses and people across the full range of statutory function areas</p> <p>Larger service offers resilience and capacity to react swiftly and efficiently to new demands</p> <p>Larger services provide improved development opportunities for staff with improved recruitment and retention</p> <p>DST has a joint Trading Standards, Business Support & Innovation team – provision of a strengthened offer to local businesses</p>	<p>Resource required to join the joint service in first year – to establish legal agreement and agree joint provision</p> <p>Reduced operational control locally.</p> <p>Centralised management structure.</p> <p>Weakened links with Plymouth Environmental Health, Licensing and Public Health</p>
Opportunities	Threats
<p>Opportunity to create a large, resilient service covering the Heart of the South West area</p> <p>Sharing of best practice and expertise in specialist areas enabling it to be a centre of excellence</p> <p>HotSW¹ footprint –generate more grant funding to be spread across the joint service</p> <p>More capacity and skill set for business advice, Buy with Confidence & commercial services enabling greater income generation that could be distributed across the shared service.</p> <p>Enhanced profile nationally and associated influence on policy making. Aim is to be the leading TS Service in the Country.</p> <p>Greater opportunity for staff development.</p>	<p>Potential loss of local prioritisation</p> <p>Likely loss of internal recharging for service, specifically for Plymouth Legal Services, DELT etc.</p> <p>Loss of qualified Trading Standards professional within Plymouth City Council for governance and local controls</p>

¹ Heart of the South West Local Enterprise Partnership