

8 June 2015

Chartered Trading Standards Institute (CTSI) Proposals for the Future Structure of Trading Standards Services

Purpose

For discussion and direction.

Summary

This report informs the Board of the development of proposals by the Chartered Trading Standards Institute for the future of local trading standards services.

Recommendation

That the Board notes the activities outlined and provide direction on the LGA's position on the initial proposals and anticipated further work.

Action

Officers to progress as directed.

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Chartered Trading Standards Institute (CTSI) Proposals for the Future Structure of Trading Standards Services

Background

1. As the Board will recall, in recent years the Chartered Trading Standards Institute (CTSI) has been undertaking various strands of work aiming to assess the current state of local trading standards services. This included the 2013-4 'national conversation' on trading standards; the 2014 workforce survey; and a comprehensive 2014 research project undertaken by Inlogov (University of Birmingham) which looked at services in 13 councils. The research, commissioned jointly with BIS, was published shortly before the election.
2. CTSI has now begun developing a vision for the future of trading standards. The organisation is calling for a strategic review of the structure of trading standards across Great Britain, arguing that the current model is broken.
3. CTSI recently circulated to its members an initial paper outlining its preferred approach. Although this was not formally shared beyond its membership (CTSI expects to develop a public paper in due course, shaped by feedback from its members), the LGA has seen a copy. The LGA has been approached by the Association of Chief Trading Standards Officers (ACTSO) for its view on the proposals.
4. This paper therefore highlights the key issues arising from the paper and seeks the Board's initial views.

Outline of proposals

5. The paper includes a number of high level recommendations for the future structure of the service:
 - 5.1. The creation of strategic trading standards authorities, which would be larger than the current TS units and go beyond simply sharing services. The paper acknowledges that much more work would be needed to identify the appropriate size of strategic trading standards authorities, taking account of population size, number of businesses, geography and infrastructure links, the footprint of key partners and emerging models of government, eg combined authorities.
 - 5.2. Core funding to be allocated directly from central government to ensure '*guaranteed delivery of their priorities and enforcement of national legislation.*' However, authorities would also be permitted to undertake income generating activities, eg providing advice to businesses (as many existing services are already doing), and to provide services to local authorities and / or government departments on a commissioned basis: '*for local authorities this might be where a problem is affecting a particular locality, for example in the case of underage sales of alcohol, with an associated detrimental effect on health and a possible increase in antisocial behaviour. The governance model for strategic authorities is therefore crucial to ensure that trading standards remains sensitive to community concerns and local need and maintains links with relevant partners.*'

- 5.3. A mixed governance model including elected members, business representatives and the third sector. The paper references Local Economic Partnership Boards as a useful comparator: government guidance on LEPs states that business representatives should form half the board, which could also include other economic stakeholders such as universities or colleges, trade unions, the voluntary sector or public sector bodies.
6. The rationale for the proposals is twofold:
- 6.1. Firstly, overall funding cuts and competing pressures across local government have meant that some trading standards services have experienced very significant funding cuts. CTSI argue that some councils are not providing a minimum service, and recently supported a member seeking a judicial review against Liverpool's decision to cut its team from 19 staff members to 4.
- 6.2. Secondly, the nature of risks and threats, and therefore trading standards work has changed significantly. The trend away from routine inspections towards risk-based, intelligence work, coupled with technological and societal changes, means that much trading standards work is now cross-border rather than specifically local. The paper also cites fewer overlaps with traditional partners such as environmental health and licensing, which tend to focus on premises rather than on businesses, and increasingly close links with the police.

LGA views on trading standards and key issues

7. Clearly, as a professional body, the CTSI proposals are intended to help preserve the role of trading standards in future years. However, in Remodelling Public Protection (Remodelling), the LGA highlighted several of the issues the CTSI paper references, linked to the impact of competing local pressures and the trend towards cross-border work in trading standards.
8. Since the purpose of Remodelling was to stimulate debate, the CTSI work can be viewed as a welcome opportunity to constructively engage in serious thinking about the future of an important service. While we may not entirely agree with CTSI's initial conclusions, there is recognition of the need to consider the issues.
9. In Remodelling, we welcomed the creation of the National Trading Standards (NTS) structure, and acknowledged that there was scope for further discussion about whether more regulatory work could be undertaken via the regional NTS structures and / or national teams. The creation of strategic trading standards authorities would extend this approach much further.
10. From a council / LGA perspective, there are clearly a number of important issues to feed in and consider:
- 10.1. There are likely to be benefits associated with strategic authorities, which would provide greater resilience, offer scope for lead authority approaches (recognising the wide variation in trading standards work) and better reflect the nature of modern trading standards work. In Remodelling, we suggested that there could be a case for regional management of more regulatory issues, with some issues remaining a local

responsibility. Would CTSI envisage any trading standards services remaining the responsibility of local government?

- 10.2. There would be a need to consider how strategic authorities, or any other alternatives, could ensure local democratic accountability. Local authorities have a portfolio holder whose responsibilities include trading standards, and ward councillors have opportunities to intervene on behalf of local residents – how would new models ensure an equivalent level of local oversight and influence? Operationally, how would they interact with local authorities, particularly related services such as adult social care and fire? What are the lessons from the National Trading Standards model?
- 10.3. On funding, CTSI propose direct funding from central government. With additional funding unlikely to be available, this presumably anticipates a transfer out of the general local government grant to support the new authorities. Clearly, councils would not welcome further reductions in this grant; perhaps more importantly for the service itself, relying on funding from central government in an era of austerity may not offer any more certainty than the service currently has within local government structures. Therefore, alternative and additional funding models should be explored, for example using income from business rates that is retained locally, or from partners such as the LEPs.
- 10.4. Related to this point, it would be helpful to frame the debate in terms of services rather than just structures. Focusing on structures risks simply transferring existing patterns of activity to new governance models, when this is an opportunity to understand and think about the many and varied roles of trading standards and where these responsibilities, particularly historic ones, should rest. We need to understand what the core or priority trading standards responsibilities applying to all areas are; and what might be appropriate to some but not others? As we asked in Remodelling, we should consider whether it is right for the state to bear all of these responsibilities, and what the role of partners might be.
- 10.5. Perhaps most importantly, one size may not fit all. As is becoming clear in the devolution debate, what works in some areas may not be right for others. As CTSI acknowledge, some services are still functioning effectively, whereas others are struggling. Flexibility about the right approach for different areas would be a sensible approach.

Next steps

11. As the paper recognises, CTSI's proposals are at a very early stage, and require much more thinking. CTSI are inviting government to commission more detailed work on the structure, funding and governance of strategic authorities. It is not yet clear whether government will take up this approach (or whether CTSI will take this forward themselves). However, the National Audit Office is expected in the course of the next year to undertake a review of consumer protection including local trading standards, which could provide further impetus.
12. It is suggested that the LGA's public position on the CTSI work and proposals, pending further work and detail, should be to recognise (as per Remodelling) the need for discussion about the future of trading standards services. It is also possible to recognise

(again as per Remodelling) that with some trading standards work no longer particularly 'local' in nature, alternative approaches may be more suitable for those issues - without necessarily supporting the idea that the entire trading standards service should move away from its current structure.

13. Most importantly, the LGA is likely to want to emphasise the need for a flexible approach that reflects local circumstances and approaches to devolution. The LGA should encourage authorities such as those in Greater Manchester to consider the implications for trading standards as they develop new models of devolution.
14. The LGA should seek to engage with the CTSI work, through officers, the Board's Regulatory Champion and others as appropriate, and further develop our view as more detail and information becomes available.