

---

## Formal CTSI response to LGA review

The Chartered Trading Standards Institute (CTSI) welcomes the publication of the Local Government Association's (LGA) 'LGA trading standards review'. There are some significant steps forward, however we remain concerned that the LGA's conclusion and recommendations lack the ambition required to ensure the service is placed on a sustainable footing, ensuring it is able to continue to support economic growth and maintain a fair and safe market across the UK.

### Key concerns:

- 1) Voluntary shared services are not a viable solution because:
  - Establishing shared services takes time and requires significant attention and buy in at political and officer level. In the last 30 years only a handful of shared services have been created and to date only five survive across England and Wales.
  - Experience shows shared services can collapse on the decision of a single partner, recently demonstrated in Warrington and Halton.
  - It is likely that some of the smallest trading standards services will be left out of agreements resulting in gaps in the system of protection.
  - Enforcement weaknesses in smaller services and gaps in protection will place a strain on successful larger services – a system that is not viable in the long term.
- 2) Proposals for shared regulatory services fail to recognise the increasing divergence of trading standards from other local authority regulatory services as budget cuts have forced trading standards services to focus on higher risk, criminal activities. Additionally, in the current landscape of budget restraint, shared regulatory services pose risks to the survival of specialist skills within the profession. Joint regulatory services may lead to increased numbers of generalist regulatory officers.
- 3) Further thought is needed on how to establish a system for the effective funding and governance of priorities at a local, regional and national level.
- 4) Despite the stated commitment of local government to supporting the service, trading standards remains a low priority service for many local authorities. We are concerned that there is a lack of incentive for local authorities to create voluntary shared services in the current climate.

### Larger Trading Standards Services

In a major step forward, we are pleased to see the LGA formally recognising, for the first time, the significant benefits that larger trading standards services managed at scale can provide. We welcome the review's recognition that larger services increase resilience at a time of severe cutbacks, allow for increased economies of scale with a better outlook for the future, and present opportunity for further flexibility and responsiveness across the local, regional and national trading standards landscape. We are encouraged by the review's acceptance that larger services are 'likely to help ensure greater long term resilience of trading standards expertise'. We also recognise the opportunities that the devolution agenda may bring in some parts of the country and welcome any assistance the LGA can provide to further this agenda. Our major concern, however, lies in the fact

that the LGA review remains committed to voluntary shared service agreements – a solution that may not succeed on a number of levels. This was highlighted in our original submission to the LGA review, and there is no indication in the report that our concerns have been considered. The CTSI submission is included as Appendix One.

The LGA advocates the notion that there is no ‘one size fits all’ approach for the structure of trading standards. CTSI agrees that there are a range of factors that need to be taken into account when considering structure in different areas and we have in no way discounted the importance of local differences when setting out our Vision for the future of trading standards. However, we disagree with the LGA conclusion that shared services must be developed locally on a voluntary, piecemeal basis rather than mandated or centrally driven. We believe there is a need for strong leadership from the centre to ensure any change to the structure of trading standards across the country is coordinated and takes place quickly.

The most significant problem with relying on the voluntary creation of shared services is the risk of gaps in protection across the country. At the very least, a voluntary move towards shared services will mean that restructure plans happen at different speeds. The speed with which this happens will be driven by the priority accorded to services – and the most under-resourced services which are most in need of urgent restructuring will probably be last to gain political attention. The LGA review has accepted that trading standards services work at a range of levels – local, regional, national, and even international – but fails to recognise that this means enforcement weaknesses in one area are more than just a concern for local elected members and require a coordinated approach across borders. The impact of failures in one area will not be confined within local authority boundaries but will cause problems to spread, putting greater strain on neighbouring services. For example the risks of an animal disease outbreak will be greater in areas with small, under-resourced trading standards services and will require intervention from neighbouring areas to tackle and contain the outbreak. Drawing resources away from successful shared services to tackle issues in another area defeats the purpose of the restructure and will ultimately lead to collapse.

Anecdotal evidence suggests this is already happening around the country – with smaller services lacking capacity to deal with problems in their own area referred to them by larger authorities. This patchwork system, with enforcement blackspots where rogue traders are allowed to thrive, will continue until there is a coordinated move towards larger, more sustainable trading standards units.

## **Professional Competency**

We welcome the LGA’s recognition that there is a ‘clear and ongoing need’ for specialist expertise across trading standards and other regulatory services. While we agree that there is a degree of crossover in skills required at a lower level across different regulatory professions, our evidence shows that trading standards services are increasingly moving away from the type of low level work which the report describes. As budgets fall, they are prioritising high risk work which is significantly different from environmental health and licensing in its focus on organised criminality, business models and complex supply chains as opposed to regular inspections of business premises. In addition, trading standards services in recent years have adopted an intelligence led approach that is significantly different from the inspection led approaches prevalent in many environmental health and licensing teams. Academic research has shown that the most important partners for trading standards are police and adult social care, not other local authority regulatory services. We have seen no evidence from the LGA to challenge this. There is also a need for specialist skills in intelligence and financial investigation which are not commonly used by other local authority regulatory services.

Therefore, while we agree that wider regulatory services can function effectively in some places and that it may not be necessary to pull these apart, we do not think that they provide an alternative to the creation of larger, more strategic units. The scope for efficiencies between professional roles is limited and ultimately these services will need access an even greater range of expertise. We are concerned that the creation of regulatory services has seen further devaluation of trading standards in some areas and threatens the survival of the specialist expertise which the LGA has identified as crucial. Often this is because of the complexity and technical nature of trading standards activities, which makes it less visible in comparison to other regulatory services. Additionally, we are concerned that the reorganisation of wider regulatory services within some authorities – which has already happened in many places – may be seen as an easier option and discourage consideration of forming joint services with other councils.

However, there are some clear benefits to working alongside other regulatory services, particularly to support public health outcomes, and we would not be opposed to a model in which wider regulatory services as a whole were merged into larger, more strategic units which cross current local authority boundaries. This would facilitate a more strategic approach across shared outcomes and create opportunities to reduce the duplication and complexity inevitable in a system with large numbers of independent regulatory services.

### **Local, regional and national issues**

We welcome the recognition the review gives to existing mechanisms for managing different levels of trading standards work. We are especially encouraged by the suggestion that central government should consider commissioning specific areas of work which must be delivered locally, but are not local priorities, through National Trading Standards. However local and central government must recognise that this was not part of the original purpose of NTS and some change will be needed to make this work effectively. As the report acknowledges, there are significant threats to the future of this model, in particular shrinking local foundations. The NTS model would be significantly strengthened by a restructuring of local authority trading standards services into strategic units as we have proposed. Local and central government must work together to make sure that local, regional and national elements are each supported to allow the whole system to be effective.

Looking to the role of central government, we agree that there needs to be more honesty from government about what trading standards services can deliver given resource constraints. We believe that the absence of consistent monitoring of outcomes and impacts at a central government level means there is a lack of understanding of what is being delivered on the ground. Central government should be providing local authorities with a defined set of national priorities and a clear picture of what a minimum service looks like. We are hopeful that the current review, being undertaken by the Department for Business, Innovation and Skills, will set out what the government considers to be the statutory minimum, expected of all trading standards services, as well as further detail about what they consider to be national priorities for the service.

Equally, local government needs to be more transparent about what the service can deliver on current resource allocations. Elected members and senior officers should have a better understanding of the impact of reductions in budget for trading standards. Often official council documents including consultations fail to set out accurately statutory duties relating to trading standards, and the impact of cuts is not effectively portrayed. We would like to see the LGA providing more support to councils in helping them understand their legal obligations in this area as well as the impacts of further resource reductions.

We strongly support the argument that central government should take a more considered approach when allocating new duties to trading standards services. The government must consider how any new legislation is to be enforced within the current landscape and individual departments should have a better understanding of resource pressures and should ensure they consult widely on the impacts of any new legislation. Additional duties should not be added without appropriate funding which is guaranteed to reach the service, particularly in this time of extreme resource limitations. We hope that the current BIS review will address these concerns.

We note that the LGA review has made no attempt to define which trading standards activities are local in nature as opposed to regional or national. One of the original objectives for this review was to establish 'what local government needs from its trading standards services' and we question how far the review has addressed this. We acknowledge that setting out clear priorities for the service at both a national and a local level will be challenging, and therefore we appeal to both local and central government to base their decisions on full and clear evidence. The LGA review highlights discussions about a shift away from pricing and weights and measures work in recent years and suggests that these might be lesser priorities than they once were. Evidence from our experts suggests that there is still significant detriment associated with these areas of trading standards work – although the emphasis and format of the work has changed – and cautions against deprioritising these issues without a full review of the evidence and understanding of the potential consequences.

### **Commercialisation and supporting business**

Central government has repeatedly asked local authorities to be more innovative and to move towards commercialisation of some services. A significant benefit of larger trading standards services will be increased opportunities to earn income as services have more capacity to offer their expertise to support businesses. In the current system opportunities are limited not only by lack of capacity, but also by restrictive local authority rules. Central government should give trading standards the freedom to charge competitive market rates for services offered to business outside their core remit. We are pleased that the LGA supports this and plans to increase the assistance they offer to members to help grow skills in this area.

### **Conclusion**

We are grateful to the LGA for their commitment to trading standards and for the time taken to conduct a review of the service. However, we fear that the low level of visibility of trading standards means that voluntary agreements are unlikely to materialise quickly enough to prevent catastrophic loss of expertise and the collapse of the service. This will quickly erode the UK economy with good businesses increasingly undermined by rogue traders and unfair trading practices and consumers left unprotected from organised crime and fraud. Only fast and coordinated action to create larger, strategic trading standards services can protect consumers and businesses and preserve the expertise of trading standards professionals.

We would welcome the opportunity to discuss with the LGA how the risks of a piecemeal, voluntary approach to restructure can be avoided. While we believe that this review has not gone far enough in its recommendations, we hope that it will prompt local authorities to give greater attention and priority to the challenges facing trading standards and wholeheartedly support the LGA's recommendation for local authorities to risk assess their trading standards services. Therefore, we will work with the LGA as they develop their plans to offer support to councils, in particular, to trading standards heads of service who are considering converting to a shared trading standards, or wider regulatory service

agreement. We will also assist them in putting together case studies of successfully managed shared service agreements in order to help inform future restructures.