



Central Government review of trading standards CTSI submission

Introduction

The Chartered Trading Standards Institute welcomes the review of trading standards initiated by the government in the Productivity Plan in July 2015. CTSI have been raising concerns about the sustainability and resilience of trading standards services in the face of continued austerity for some time and are pleased that the government is considering these issues. Given the current state of local authority trading standards services, with some services operating with a single part time officer, it is essential that the government review puts forward some concrete recommendations for rapid action to ensure the service remains sustainable. Moreover, we hope that conclusions from a the concurrent central and local government reviews can be brought together at an appropriate point to avoid a damaging period of uncertainty and inaction as a result of potentially contradictory conclusions.

The need for change

CTSI recognises that all local government services have faced reductions in budgets over the last five years as a result of austerity. However we believe that trading standards merits special consideration because of the unique cross border impacts of the work and the impact that cuts have had on an already small service. Typically trading standards accounts for less than 0.2% of any individual council's budget, with the service nationally costing approximately £130m in 2015. Services range in size from just one part time officer to over 50 staff.

CTSI have already set out our concerns about the current state of trading standards in our paper [Vision for the future of trading standards](#). The paper details a number of challenges to be considered including:

1. Structure: how to create strategic trading standards units which benefit from economies of scale and make the best use of available resources.
2. Funding: in an environment of reducing public funding, whether services should be able to draw on a variety of funding sources including charging for some services to business.
3. Governance and accountability: whether a local authority model is appropriate for a service which has a wide range of cross border impacts and a vital role to play in controlling national threats?

Without urgent and decisive action from central government following this review, we are concerned that further cuts could hit the smallest and most vulnerable trading standards services during the lifetime of this parliament, leaving services too small to carry out the most basic trading standards functions and leading to an increase in dangerous products, unfair competition and market imbalances which harm consumers and businesses.

While we have already set out our main challenges for local and central government in the Vision, CTSI would like to take this opportunity to comment on a number of specific questions for the review.

The contribution of trading standards to deregulation

The greatest strength of trading standards in contributing to the deregulation agenda is in its ability to combine a wide range of legislation and regulation from a number of government departments and make this comprehensible for small businesses. The key but non-statutory role for trading standards services to give advice to businesses to help them comply with the law is under threat as smaller services simply do not have the resources to provide tailored advice. Initiatives like Better Business for All will help achieve a better understanding between regulators and business which greatly reduces the regulatory burden. However, shrinking resources have been shown to have a direct impact on the ability of services to enter into these partnerships.

While trading standards can sometimes feel like a 'dumping ground' for new regulation, there are few duties that are not clearly linked to the core aims of maintaining safety, standards and a level playing field for consumers and businesses. There are clear benefits in bringing these miscellaneous regulations together into the remit of a single regulator able to give wide ranging advice to businesses on trading fairly and maintaining a balance between business and consumer. An exception to this are the regulations surrounding enforcement of Energy Performance Certificates (EPCs), which are not considered relevant to trading standards and remain a low priority because there is little detriment associated with infringement.

However, CTSI are concerned about the tendency in recent years for various government departments to give extra responsibilities to trading standards without considering whether there are appropriate resources for trading standards services to carry these out. This is particularly problematic where the duties in question are attached to European legislation, as they open up the risk of infraction proceedings should local authorities not allocate sufficient resource to enforce them. The need to demonstrate compliance with these European directives can have the unintended consequence of driving resource away from areas of greater harm if insufficient thought has been given to providing appropriate resources when the duty is imposed.

The remit of trading standards services

The review's aim to establish clarity on the full remit and duties of the trading standards service is welcomed by CTSI, as there is a lack of understanding among both central and local government about the full range of trading standards responsibilities. Clarity on central and local government expectations of trading standards will be essential in the near future as further reductions to local authority budgets will lead to continued pressure on trading standards budgets.

Over the last year, CTSI have seen a number of local authorities consulting on the basis of reducing their trading standards service to a statutory minimum, without a proper understanding of what statutory minimum looks like. We would hope that increased clarity on what central government expects trading standards to deliver will help to establish a better understanding of the level of trading standards service necessary to fulfil statutory minimums.

Performance frameworks and reporting

CTSI believes that the current piecemeal system of reporting performance to central government is further damaging the understanding of the trading standards remit. The Food Standards Agency is the only government agency to require regular performance reporting – which in the current climate has contributed to the suggestion in some local authorities that food and feed law enforcement is one of only a few statutory duties for trading standards services. CTSI have seen examples of local authority budget consultations which state that weights and measures, food and feed are the only statutory duties imposed on trading standards, failing to recognise the wide remit and list of over 250 pieces of legislation which impose duties on the service.

Without proper measures in place to record impact and outcomes from individual services, central government have few levers to ensure that important policy areas are being enforced. An example of this is pricing – the biggest driver of consumer behaviour – which is a major area of government policy but does not feature in the priorities of any local authority trading standards service because it is not considered a local priority. Lack of enforcement of national priorities can cause detriment that reaches beyond local authority boundaries and has the potential to develop into a national threat or a market wide problem.

Mechanisms put in place by central government to ensure sufficient regard to national priorities have been gradually removed. While it is widely accepted that previous performance frameworks for trading standards were not effective at measuring impacts or outcomes, a properly designed performance framework would provide crucial information to central government about what issues are prioritised and enforced on the ground. Equally, direct ringfenced funding for specific national priorities has in the past been effective at directing local efforts towards the creation of a coherent system for the enforcement of national priorities. Ringfenced funding that central government allocated to the delivery of animal health functions following the foot and mouth outbreak in 2001 was effective in creating capacity necessary to deal with a major outbreak of animal disease, however, the funding and associated capacity was drained out of many trading standards services when ringfencing was removed and the funding has flowed to more visible services. The result is that there is no adequate governance mechanism for the delivery of national priorities by local authority trading standards services and in times of shrinking services, national priorities are ignored. For example, no trading standards service in the country does significant work on pricing, despite its standing as the biggest driver of consumer behaviour. Focusing on local priorities over national ones could cause serious detriment to the economy in the long term as attention is focused on one or two vulnerable individuals at a local level instead of economic systems of national importance.

A properly constructed performance framework which takes into account local, regional and national priorities would help to clarify what central and local government expect of trading standards. It is vital however that capacity to deliver is also considered as there is a risk that this review establishes a clear central government ask, while the LGA's concurrent review establishes expectations from local government, without an exploration of what the service is able to deliver given limited resources.

Voluntary shared service agreements

As stated in our Vision, CTSI would like to see a solution to the current challenges that moves beyond calls for local authorities to enter into voluntary shared service agreements. While shared services would create greater economies of scale and can be effective in some areas, a voluntary arrangement will not secure a sustainable and resilient trading standards service for the future for three main reasons:

1. Establishing shared services by voluntary agreement takes time. The level of resources within the service is at a critical level and requires swift, coordinated action. The creation of a shared service is usually a long, slow process and will not happen fast enough across the country. Wales provides a case in point: both the Welsh Assembly and the Welsh Local Government Association agreed to move from 22 separate local authority trading standards services to just 6 more regional services. However, progress has been very slow, with only one area forming a shared service (Cardiff, Vale of Glamorgan and Bridgend) in three years. Plans in other areas have fallen apart due to political and technical difficulties.
2. A voluntary restructure by individual councils will leave gaps in protection across the country. The emerging map of combined authorities is already showing the areas which could be left out due to lack of agreement or leadership. This problem looms particularly large for trading standards, a service which may lack the political attention granted other services because of its very small size. As we have argued in our Vision, as a service that has a significant impact on cross border issues, a patchwork system which leaves varying levels of protection

across the country for businesses and consumers is not acceptable. This will be unfair to those left in less protected areas, and weaknesses in one area will cause problems to spread to neighbouring areas.

3. Voluntary shared services are vulnerable to collapse on the decision of a single partner. This has already been seen in shared services in Warrington & Halton and in Worcestershire Regulatory Services, where joint services collapsed or have been weakened due to decisions made within one authority. These arrangements are therefore not stable or sustainable.

In summary, CTSI believes that voluntary shared service arrangements for trading standards services will not produce a sustainable service for the future or ensure adequate protection for consumers and business. The service is too small to be granted the necessary attention in all authorities, and risks disappearing before slow shared service arrangements are put in place. Strategic trading standards authorities require a different legal status in order to ensure their stability and sustainability in the future and direction from the centre to drive restructuring quickly and coherently across the country.

ANNEX A

Consumer education and advice

As requested by the review team, the Consumer Empowerment Alliance (CEA), a section of CTSI, have provided some thoughts on why some trading standards services continue to provide consumer education and advice.

Local authorities recognise of the benefit of consumer education as a preventative measure that will save money in the long term, and decisions locally may be affected by any number of specific local circumstances.

Citizens Advice is a national not local organisation and their provision of education reflects this. Their education efforts are not targeted or localised, which trading standards officers have found to be more effective. This education at a national level does not always reach the most vulnerable, particularly where delivery is mainly through digital methods. As a national organisation, Citizens Advice does not have the means to deliver more locally in the way that local authorities do. There are only eleven Consumer Empowerment Partnerships across the country with people on the ground able to deliver education locally.

Additionally there is a perception among some that Citizens Advice does not place a high priority on consumer education and advice, as debt, welfare and pensions are the more traditional subjects for bureaux and the national organisation. The way in which trading standards measures the priorities for consumer education differs from Citizens Advice methods (harm v complaints), resulting in a mismatch in priorities. Thus scams and doorstep crime are not as big a priority for Citizens Advice as they are locally for trading standards, nor do Citizens Advice provide education on counterfeit goods, which can cause serious harm to young people.

Some services continue to provide consumer education because it allows them to forge links with other relevant local authority services and organisations, including adult social care, which Citizens Advice could not achieve. In this case trading standards services use education to engage with communities and get partners on board. This kind of work is supported at council level because every local authority has a priority to support the most vulnerable. Similarly, some trading standards services still offer second tier consumer advice as they find bureaux volunteers are unable to support vulnerable consumers with detailed consumer queries and they have nowhere to go.

There is ongoing concern about the adequacy of the Welsh language service and the support available for more vulnerable members of the community who may not be able to access the help available from Citizens Advice. One CEA member gave a list of those she had advised in a single week: "a partially deaf lady, aged 86 who can't hear over the phone, no internet, no family assistance; 53 year old brain tumour sufferer who can't read any more; Polish 22 year old who struggles with call centres based out of the UK; and any number of people who can only speak Welsh and are not getting through to CACS."