



## Vision for the future of trading standards

The Chartered Trading Standards Institute is calling for a strategic review of the structure of trading standards across Great Britain as the current model is broken.

Cuts to local authority trading standards services in Great Britain have left some areas with inadequate protection for citizens and businesses, while other areas continue to maintain an effective trading standards service. This situation, where some residents are more at risk of unsafe goods, rogue traders and scammers than others simply because of where they live, is not acceptable. Problems left unchecked in one local authority area will spread across borders and affect neighbouring areas. Here we set out our vision for a resilient and sustainable trading standards service able to protect consumers and support businesses.

In response to diminishing public sector funding, both local and central government have expressed a desire for innovative and radical solutions to be explored. The Chartered Trading Standards Institute agrees that the challenges facing the trading standards service call for creative and ambitious solutions. These challenges have been outlined in a number of reports, most recently [The Impact of Local Authority Trading Standards in Challenging Times](#). It is crucial that services are able to make the best use of available limited resources by pooling staff and creating economies of scale to ensure all parts of the UK are adequately protected and businesses receive the support they need.

The local government associations in England, Scotland and Wales have recognised that the size of trading standards services makes them vulnerable and have proposed shared services forming larger, more strategic trading standards units, as a way forward. CTSI shares this vision of larger services, but believes that simply sharing services will not be enough to address the problems identified.

We are therefore putting forward a vision of strategic trading standards authorities larger than the current units which will:

- Be accountable to the citizens and businesses they serve to ensure they address current concerns and the needs of local communities
- Be visible to consumers, businesses and policy makers to ensure the contribution of services is recognised and valued
- Support and value a professional and skilled workforce
- Ensure that services are intelligence led and are able to deploy resources to maximise impact
- Be driven by strong leaders that are able to give strategic direction to the service and make a contribution to issues that impact at a regional and national level

The Institute believes that, with careful planning, this structure can achieve the economies of scale possible in larger services and maintain expert and specialist staff while retaining responsiveness to local needs and community concerns. Population size, number of businesses, geographical distance and infrastructure links, the footprints of key partners and emerging combined authorities and city regions should be considered when scoping the size of these authorities.

Core funding should be allocated directly from central government to ensure guaranteed delivery of their priorities and enforcement of national legislation. A mixed governance model which includes elected members, business representatives and the third sector is proposed.

Structural change is always difficult; however the situation of trading standards across Britain has now reached the stage where it would be irresponsible not to take action.

The following pages outline in further detail the concept of strategic trading standards authorities. The information that follows is necessarily at a high level and it is recommended that further work be commissioned to explore the exact size and boundaries of strategic authorities, level of resource available, and the legal underpinnings of the new model with regards to funding and governance.

## **Rationale**

Consumers in the UK expect a high level of protection against unfair, misleading and criminal activities when they purchase goods and services. Changes to the consumer protection landscape in 2011 have helped to address the lack of coordination among enforcement bodies, particularly in relation to regional and national level crime, as well as create a single clear route for consumers to get advice and make complaints. However, by focusing on the coordination of the landscape at a regional and national level, problems at a local level have been left to grow unresolved, to the point where they now threaten to undermine the entire system.

At a local level, trading standards services have always been fragmented, with each local authority determining local priorities and distinct ways of managing the service. This organisational model has its advantages, maintaining strong links to local knowledge and accountability and ensuring the service remains grounded in the concerns of real people. However many of the activities of trading standards services are directed at problems that cross borders. Crime does not stop at the local authority boundary, nor does the impact of unfair trading affect a single council's residents. The cross border nature of trading standards work was highlighted in the 2011 National Audit Office review, [\*Protecting Consumers: the system for enforcing consumer law\*](#): "enforcement weaknesses in a particular geographical area could allow rogue traders to operate out of that area and cause detriment more widely, thereby undermining the performance of the system as a whole."

The impact of the horsemeat scandal in 2013, which saw UK sales of frozen hamburgers fall by 43% and sales of frozen ready meals by 13%, has confirmed that the fragmented nature of locally delivered trading standards services leads to weaknesses in tackling widespread consumer detriment. This can have a negative effect on economic growth and consumer

confidence as well as more immediate financial impacts on consumers. A recent Local Government Association report, [Remodelling Public Protection](#), questioned whether it was appropriate to manage these cross border aspects at a local government level at a time when "councils are under growing pressure to manage specifically local challenges and services".

The huge technological and societal change which has occurred since the modern trading standards service was originally designed in the 1970s has made this even more relevant. Consumers and businesses trade and shop across borders, whether they be local, regional or national. With UK consumers spending almost £70 billion online in 2014, and three quarters of adults buying some goods and services over the internet, e-crime is a rapidly expanding cause of detriment that government and police are struggling to measure.

The focus of trading standards service activity has shifted from background checks and traditional regulatory activity (including routine inspections) towards intelligence led work that addresses serious criminality in these areas and aims to limit and ultimately prevent the associated financial and non-financial harm to citizens. Despite government focus on self-regulation as a solution to many of these issues, it is clear that some enforcement mechanism must remain in place to deal with criminality and rogue traders who do not attempt to comply with the law. A recent study concluded that in the UK there is "an ongoing high level of unfair trading practices, of fraud, of exploitation of the vulnerable, and much more; all of which, in the internet age, seems to be becoming, if anything, more challenging and intractable to address."

The shift in focus from routine inspection and background regulatory activity has also increasingly distanced trading standards services from their traditional partners in local government. Unlike environmental health and licensing, which generally deal with problems on premises by premises basis, trading standards is much more business and supply chain focused, hence why its activities often have benefits across local authority borders. A recent survey found police are the most important partners and frequent collaborators for trading standards services, with adult social care fire and rescue and HMRC also highlighted. This is in apparent contradiction to the trend in some of the unitary local authorities to brigade together 'regulatory services' which include environmental health and licensing.

This trend has largely been driven by reductions in local authority resources which are affecting all local services. Trading standards services have been particularly hard hit, with an average 40% fall in individual service budgets between 2010 and 2016. Staff numbers have halved in the same period, leaving some services with only one or two officers to cover the entire trading standards remit. While services have always been differently sized, with large county council trading standards services far more resilient than their smaller counterparts in metropolitan counties and boroughs, the scale of the cuts to resources over the last five years now threatens a postcode lottery, with some consumers left with very little protection. Moreover the threat of inadequate protection in one area is not limited within the borders of that local authority, as criminals and diseases that are allowed to exist in one area will quickly spread to neighbouring areas.

With a changing local government landscape and further cuts to trading standards services unsustainable, we need to take this opportunity to redesign a service fit for the

21<sup>st</sup> century and the increasingly complex challenges trading standards faces, while making the best possible use of available resources.

### **What does trading standards deliver?**

The role of trading standards is to ensure a safe and fair trading environment where business growth is supported, fair competition encouraged and consumers protected. Many of the basic trading standards functions, including the original metrology function, are designed to ensure equity in trading relationships where there is information asymmetry or another market imbalance. While it has often been judged, particularly in recent years, as a 'nice to do' service, recent research has concluded: 'it might seem difficult to overstate the potential value of trading standards work given all the potential detriment that might arise inadvertently – for businesses as well as for consumers; to say nothing of the effects of more wilfully dishonest and wanton trading practices.'

The three core aspects of this work are law enforcement, including but not limited to prosecution of rogue traders, business regulatory advice to assist businesses in complying, and consumer education and advice. This covers a range of legislation and policy areas, including those listed below. Responsibilities of each service differ according to local needs and devolved legislation. Further work is needed to define the role of trading standards and communicate this to consumers, businesses and elected officials who frequently misunderstand the remit of the service.

- Weights and measures
- Fair trading
- Product safety
- Intellectual property
- Underage sales
- Food standards
- Agriculture
- Animal health and welfare
- Safety of sports grounds
- Petroleum licensing
- Fireworks and explosives
- Business advice and support
- Consumer advice, intervention and education   ▮legal money lending

A recent application for permission to judicially review Liverpool City Council's decision to cut its trading standards service from 19 to a skeletal staff of four challenged the decision on the basis that decision makers had misunderstood their statutory duties in relation to trading standards. The council's internal consultation stated that minimum requirements were limited to appointing an Inspector of Weights and Measures and conducting statutory food and feed inspections. The council has accepted that this falls below minimum service requirements and has agreed to review the decision to consider whether the new structure meets its obligations with regard to the local authority's statutory and European Union consumer protection duties and the government's list of enforcement priorities under section 11 of the Regulatory Enforcement and Sanctions Act 2008.

This result confirms that local authorities need to take into account the full range of trading standards activities when reviewing the structure of their trading standards service. However, due to lack of knowledge and understanding among decision makers about the breadth of the trading standards remit, coupled with continued reductions in local authority budgets, there is a risk that legal challenges will increase if there is no change to the current model.

### **Vision for the future: A strategic trading standards service**

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 resource, stronger strategic and operational leadership, and benefits of scale. Consumers and businesses will be better protected and supported by larger, strategic trading standards authorities rather than the two hundred which currently exist. There are a number of options to be explored further with partners and stakeholders to establish the exact number of strategic authorities; however this model would need to go beyond the potential of voluntary shared service agreements between local authorities and would involve merging more than two services in most cases.

Although there is currently no clear guidance available on what a minimum or effective service looks like, research by the University of Birmingham in the 1970s identified that services should serve populations of at least 750,000 to reach economies of scale, and Audit Scotland reported in 2002 and again in 2013 that services of less than 8 trading standards officers would not have sufficient flexibility or expertise to meet minimum standards. One longstanding trading standards service, which serves a population of approximately 2.3m, has been highlighted by several different reports as an example of a successful service at scale. Other points to consider when scoping the correct size for strategic trading standards services are geographical distance and the infrastructure links across the authority area, the footprints of key partners, including police and fire and rescue, and the map of combined authorities that is beginning to emerge across England. Trading standards services should be considered equal to transport and economic development in terms of the strategic role that they play in promoting economic growth and protecting citizens across a wide area.

Further research is required to establish the ideal size for strategic trading standards authorities. As indicated, this should include consideration of population, number of businesses, footprint of partners, and existing and emerging structures of government.

### **Funding**

Core funding for strategic trading standards authorities would be allocated directly from central government departments to ensure guaranteed delivery of the core areas of the trading standards portfolio. This would include those areas that are not generally visible to the public and elected members until there is a problem, such as metrology, food standards and animal health and welfare. The experience of austerity and resulting pressures on local authority budgets has demonstrated that these 'vital, but essentially background and low-profile' activities are not well funded by local government, whose rationale is what is raised on the doorstep. This problem, combined with a poor understanding of the work that trading standards services do to support economic growth,

prevent crime and antisocial behaviour and promote healthy outcomes for citizens, has contributed to the severe cuts imposed on the service, and allowed some councils to consider reducing their service below an acceptable minimum.

Local authorities and government departments should also be able to commission specific projects from individual strategic trading standards authorities in response to a particular problem that has been identified. 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.

Local authority trading standards services have been placing increasing emphasis on income generation as funding from local authorities has declined. Income generation will remain an important part of the financial model in strategic authorities, as it is clear that skilled trading standards professionals are capable of providing valuable services to businesses at competitive rates. The capacity of local authority services to charge is severely restricted by local authority rules, so the new strategic authorities should be set up to allow them to charge for services outside their core responsibilities.

## **Governance**

Accountability is a core design principle for the new strategic trading standards authorities, which need to remain sensitive to local priorities and needs despite covering a larger geographical area. Elected members will clearly be an important link between citizens and the service, ensuring that all residents in the area have an avenue through which to raise their concerns. However it may be valuable to explore the governance models of other groups such as Local Enterprise Partnerships or Local Policing Boards, which include representatives from external organisations. In the case of strategic trading standards authorities, local businesses, community groups including Neighbourhood Watch and Citizens Advice Bureaux, and other third sector organisations could add value to a governance model.

## **Next steps**

CTSI is calling on government to commission more detailed work on the future of the trading standards service, considering:

1. A new map of strategic trading standards authorities for the UK which includes consideration of the factors indicated above.
2. A funding model which will allow authorities to be flexible in drawing in resources from a number of sources and retain resilience.
3. A governance structure for these strategic authorities, including whether it is appropriate for the service to be based entirely within current local government structures.

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