

**REPORT TO:** Executive Board

**DATE:** 19 September 2013

**REPORTING OFFICER:** Director of Public Health

**SUBJECT:** Future Delivery of Trading Standards Service

**PORTFOLIO:** Community Safety

**WARD(S)** Borough-wide

**1.0 PURPOSE OF THE REPORT**

1.1 To inform Executive Board that the contract for the provision of a Trading Standards service with Warrington BC expires on 30<sup>th</sup> November 2013 and to seek approval for the recommended option for future delivery.

**2.0 RECOMMENDATION: That Executive Board approve Option 1 below, which is to return the service in house with effect from 1 April 2014.**

**3.0 SUPPORTING INFORMATION**

3.1 Trading Standards deliver services that protect consumers and contribute to community safety and public health. Key services include;

- Enforcement of fair trading Practices
- Door Step Crime
- Product Safety
- Weights and measures
- Explosives and Petroleum licensing
- Underage sales of alcohol, tobacco and other restricted products
- Counterfeit Goods
- Consumer complaints
- Consumer advice

3.2 Since 1<sup>st</sup> December 2008 Halton's Trading Standards service has been provided by Warrington Borough Council. Both authorities signed a contractual agreement setting out the manner in which the service would be conducted, managed and monitored and included provisions relating to finance. In 2008 the sum Halton agreed to pay Warrington for the delivery of the service was set at £405,000 to rise annually by the Consumer Price Index (CPI) inflation measure for

the October of each preceding year. To date the contract price for 2013-14 is predicted to be £416,000. This figure should have been £462,000 based on the contract terms which increase the fee payable each year based on CPI inflation index. However Halton have negotiated a reduced contract price.

3.3 The expiry of the contract provides an opportunity to review options for the future delivery of this service.

3.4 There are options within the existing contract for the contract to be extended for a period of up to two years. This option has been considered and rejected. Although Halton has negotiated an informal reduction in the annual fee the contract would still oblige Halton to pay an increased amount year on year based on the CPI measure of inflation. Given successive pay freezes and a significant reduction in local government budgets CPI is no longer considered a realistic basis on which to determine the annual fee.

3.5 2 viable options for the future delivery of the service have been identified and considered these are discussed below.

3.6 **Option 1 - return the service in house.**

The service could be returned in house and integrated with the existing Environmental Health and Public Health teams to provide a comprehensive and integrated Environmental Health and Public Protection service. The transfer of Public Health responsibility to the local authority has provided an opportunity for the work of regulatory services such as trading standards to contribute to the borough's public health objectives. Examples include tobacco and alcohol control. Returning trading standards to the authority and integrating the service with Environmental Health will allow these opportunities to be fully realised.

This option also has the potential to save the authority £80,000 based on the current negotiated contract price of £416,000.

This is based on the following calculation.

Halton is contractually obliged to return 6.4 FTE officers under TUPE. This is equivalent to 2/5ths (or 40%) of the 16 trading standards professionals in the combined service.

The employee related costs for these 6.4 FTE officers is calculated to be £270,000. This is based on information provided by Warrington and an initial calculation based on the staff who previously worked for Halton.

In addition it is calculated that these staff will require transport related costs of £16,000.

A further figure of £50,000 is calculated to be required for supplies and services from external sources for the delivery of the service. Examples of supplies and services expenditure include analysis of samples, IT database and technical information. This is based on information provided by Warrington and the supplies and services costs in 2008 when the service was within Halton. It is hoped the supplies and services costs can be reduced further once the service is returned in house by consolidating existing supplies and services expenditure within the new combined service and in other departments.

In addition the new service would be subject to internal recharges from HBC for admin, finance and HR etc. The service already retains HBC legal services for legal advice. These support services are already provided by the authority and assuming there is already sufficient capacity this would not represent an additional cost to the authority should the service return in house.

In total the costs Halton would retain should the service return in house amounts to £336,000

This results in a net saving to the authority of £80,000 based on the existing contract price.

### **3.7 Option 2 – Tender for the provision of the service by an external provider.**

The advice of Legal Services and HBC's Procurement department is that should the authority seek a new contract on new terms then a full open tendering process is required.

In reality an external provider is likely to be another local council. It is known that the current provider Warrington BC would be interested in tendering for the contract and informal discussions suggest at least one further local authority would also consider tendering.

The interest of multiple bidders would help ensure the tendering process is competitive.

There are some benefits to sharing the service with another authority. Some aspects of the trading standards service are highly specialist in nature e.g. financial and complex investigation, Internet fraud investigations, weights and measures inspections, door step crime and consumer advice. The current pressure on personal finances has increased the vulnerability of some consumers. The trading environment is more complex with many trades now taking place over the internet making investigations more technical and complex. A shared service may have a greater breadth and depth

of experience amongst its professional workforce. The advantage of contracting the service to another local authority is that this may provide some economies of scale and increased resilience to ensure the service can meet the demands of a more complex trading environment.

### **3.8 Consideration of options.**

Option 1 is preferred for the fact it will generate a saving to the authority of £80,000. However there are further benefits through the integration of the service with the environmental health and public health function. Returning the service in house will enable Halton to have greater control over service planning to ensure activity is directed at the key corporate and health priorities. Halton will also have greater financial control over the service.

It is acknowledged that there are benefits to option 2 particularly in relation to the resilience of the workforce and potential for greater depth of skills and knowledge. However Halton can build resilience into the service through integration with the environmental health and public health functions. Activities such as underage sales and tobacco and alcohol enforcement can be addressed through all regulatory contacts at appropriate premises. Petroleum and explosives licensing can be integrated with the existing health and safety function. This will enable the trading standards professionals to focus on the more specialist elements of the service e.g. consumer advice, complex investigations and doorstep crime.

## **4.0 POLICY IMPLICATIONS**

4.1 Most aspects of the trading standards service are statutory. The authority is under an obligation to ensure the statutory elements are maintained.

4.2 The authority is under an obligation to comply with procurement law in relation to option 2.

4.3 Should the service return in house staff would be subject to TUPE

4.4 To facilitate the financial planning of both Halton and Warrington it is recommended the new arrangement takes effect from April 2014. This would require the existing contract with Warrington to be extended until 30<sup>th</sup> March 2014.

## **5.0 OTHER/FINANCIAL IMPLICATIONS**

5.1 If Halton fulfils its contractual obligation to return 6.4 FTE staff then there should be no additional redundancy costs.

5.2 There will be a one off cost of approximately £18,000 to transfer

data from Warrington to Halton's database. There will be a further one off cost of approximately £5,000 to purchase new ICT equipment for the returning staff.

- 5.3 Should option 1 be considered the authority will retain costs of £336,000 but would realise a saving of around £80,000 based on the existing contract price of £416,000

## 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 6.1 **Children & Young People in Halton**

The trading standards service protects the health and safety of children and young people in the borough through the enforcement of age restricted products such as tobacco and alcohol.

### 6.2 **Employment, Learning & Skills in Halton**

The trading standards service seeks to provide a level economic playing field and ensure legitimate law abiding businesses are not undermined by the criminal activity of rogue traders.

### 6.3 **A Healthy Halton**

The work of trading standards contributes to Halton's health objectives particularly in relation to tobacco and alcohol control. Integration of the service with the public health team would ensure regulatory activity is directed at the borough's health concerns.

### 6.4 **A Safer Halton**

The work of the trading standards service contributes to community safety particularly in relation to alcohol and tobacco enforcement, the night time economy, doorstep crime and illegal money lending.

### 6.5 **Halton's Urban Renewal**

There is no significant implication for this priority

## 7.0 **RISK ANALYSIS**

- 7.1 The benefit of option 1 is that the authority will have an opportunity to integrate the trading standards function with environmental health and public health. This integrated approach will ensure the authority has direct control over all regulatory services and can ensure that activity is aligned with the borough's corporate priorities in particular in relation to public health and community safety. The authority will also have greater financial control and will realise a saving of around £80,000 by returning the service in house.

- 7.2 The risk of taking option 1 in preference to option 2 is that the reduced number of full time equivalent staff may not provide the

sufficient resources to provide an effective and resilient service. There has been a reduction in the number of officers within the combined service since the contract was signed in 2008. The reduced number of officers can be mitigated by the integration of the service with environmental health. This will enable all officers across the combined service to address the less specialist enforcement activities. It will also increase efficiency by reducing duplicate visits to premises to address different regulatory disciplines. This will enable trading standards professionals to focus on the complex and specialist cases. Halton would also benefit from the experience of the officers who are likely to return. Although the staff who will return to Halton is yet to be negotiated – it is known that the majority of the staff who left Halton for Warrington in 2008 are still employed in the service. Should these staff return they would provide a considerable body of skills, expertise and knowledge with which to manage and deliver the service.

The risk that Halton will lose some specialist knowledge currently available through the contract with Warrington can be mitigated by ensuring Halton is fully engaged with Trading Standards North West and develops reciprocal arrangements with other authorities to share specialist knowledge and resources in relation to complex cases.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no significant equality and diversity issues associated with this decision.

## **9.0 REASON(S) FOR DECISION**

The existing contract for the provision of a trading standards service expires on the 30<sup>th</sup> November 2013. Continuing with the existing arrangement is no longer considered viable. The authority must determine an alternative option for service delivery.

## **10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

All options considered and rejected are detailed within this report

11.0 **IMPLEMENTATION DATE**

From April 1<sup>st</sup> 2014.

12.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF  
THE LOCAL GOVERNMENT ACT 1972**

There are no papers within the meaning of the act