

**REPORT TO:** Executive Board

**DATE:** 16 October 2008

**REPORTING OFFICER:** Strategic Director, Health and Community

**SUBJECT:** Procurement of Consumer Protection (Trading Standards) Service

**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

1.1 To seek Members' support for the procurement of the Consumer Protection (Trading Standards) Service from Warrington Borough Council and the associated transfer of the officers of Halton's Consumer Protection team to the employ of Warrington Borough Council.

## **2.0 RECOMMENDATION: That the Board**

- (1) requests Warrington Borough Council to provide the Consumer Protection (Trading Standards) service within Halton Borough Council's administrative area under Contract, for an initial period of 5 years, with provisions for review / extension etc. as outlined in the Heads of Terms attached to this report as Appendix 1.**
- (2) agrees to pay an annual cost of £405,000, pro-rata for 2008/2009, with a Contract start date of 1 November 2008, or as soon as practicably possible thereafter.**
- (3) approves that all authorisations, powers and duties relevant to Halton Borough Council's Consumer Protection function be discharged by Warrington Borough Council.**
- (4) authorises all ancillary actions to be taken by the Strategic Director, Health & Community in consultation with the Executive Board Member for Community, and to the satisfaction of the Operational Director and Monitoring Officer (Legal, Organisation Development & Human Resources).**

## **3.0 SUPPORTING INFORMATION**

3.1 Members will recall that during the budget-setting process for financial year 2008/2009, a savings target of £75,000 was included, based on the proposal that Warrington Borough Council provide the Consumer Protection Service.

3.2 Trading Standards is a service provided by local authorities to create a fair, safe

and healthier trading environment for consumers and honest businesses through enforcement of a wide variety of consumer statutes and offering a comprehensive advice service. Trading Standards has a key role in improving the health, well-being and safety of our local communities and in helping to prevent doorstep crime.

- 3.3 The ultimate business objective of this project is to deliver a single Trading Standards Service of optimum size, which is “fit for purpose” in delivering good outcomes, and which will develop and continually improve to meet the present and future Trading Standards needs of the Halton and Warrington communities. The aim is to provide an enhanced quality of service by combining the best of two, very good but relatively small services, and deliver economies of scale and flexibilities through a larger team.
- 3.4 To date, the project has been delivered through a Project Board, with project sub-groups focusing on Legal/HR, Finance, IT and technical Trading Standards matters. Legal, HR, Union, Finance and IT colleagues from both authorities have supported managers to progress the project and Warrington provided a lead project manager. Officers who will be subject to transfer have played active roles in the IT and technical Trading Standards sub groups. In addition, a joint Halton/Warrington visioning day was held for both sets of staff and a number of on-going information/consultation meetings have been held with officers of Halton’s Consumer Protection team.
- 3.5 The Heads of Terms Document, which includes governance arrangements, is at **Appendix 1**. This document is in an advanced stage of agreement with Warrington Borough Council, and further tuning of the wording may be necessary, but this document represents in substance the basis for the agreement. The foundation for the Service on which the Contract is based is provided by a comprehensive Specification document appended to the Contract that provides (1) the Background, Overview, Current Strengths and Outcomes of the present Halton and Warrington Services and (2) Key Joint Service Objectives. The latest version of this document is attached to this report as **Appendix 2**, though opportunity will be taken to improve and refine it, up to the signing of the formal Contract.
- 3.6 Between the date of transfer and 31 March 2009, the two teams will operate side-by-side and all officers will be involved in the design of a new, single Service structure that will provide full integration on 1 April 2009. The first five months of operation will see a focus on delivering the front-line job whilst at the same time creating the new structure with existing officers and recruiting to vacant posts. For that reason, the specification at **Appendix 2** is intended to take the Service through to 31 March 2010. From then on, whilst the specification will continue to have some relevance, it will effectively be updated and taken forward via an annual Service Plan.
- 3.7 The terms of the contract will ensure satisfactory governance arrangements for Halton. The initial Contract term is five years with a formal review every two years and, subject to satisfactory review, the option to extend the Contract by a further 2 years at each review. In addition to this formal review, a selection of Objectives & Milestones/Performance Indicators & Targets will be agreed by the

Halton and Warrington contract managers and performance against these will be reported quarterly to the relevant Halton Policy and Performance Board. When the half year and year-end performance is reported, a representative of the new Service will attend the Board meeting. Officers of the new Service will attend other Halton meetings on request.

3.8 The first annual Service Plan for 2010/2011 and subsequent annual plans will be presented in draft form to the relevant Halton Policy and Performance Board for observations/comment so that Halton Members will have the opportunity to contribute to the direction of travel of the new Service as the Contract progresses.

#### 4.0 POLICY IMPLICATIONS

4.1 This arrangement is consistent with the Council's policy on partnership working and on the provision of fit-for-purpose, high quality, cost effective services during a time of increasing demands and diminishing resources.

4.2 This arrangement should result in a more robust Trading Standards service that will make an enhanced contribution toward the Community Strategy for a Sustainable Halton. Some examples are:

- Under-age-sales initiatives will have a positive impact on reducing the number of people who smoke and encouraging and supporting sensible drinking
- Doorstep crime initiatives will have a positive impact on reducing crime and improving community safety and reducing levels of expressed fear of crime
- Focussing enforcement resources on the rogue traders and supporting reputable traders will contribute positively towards fostering a culture of enterprise and entrepreneurship and make Halton an ideal place to start and grow economic activity.

#### 5.0 FINANCIAL IMPLICATIONS

5.1 These are set out below:-

	<b>£</b>
Recommended Contract Price	405,000
One-off Costs of Transfer	15,000
Other HBC Expenditure for Consumer Protection Service	48,930
	468,930
Retained HBC Support Costs	149,490
Less net saving (inc redundancy costs) – DM Fair Trading & Advice	(16,098)
<b>Total Net Cost to HBC</b>	<b>602,322</b>
Consumer Protection 2008/09 Budget	536,238
<b>HBC 2008/09 Budget Available</b>	

<b>Annual Budget Saving / (Shortfall) Year 1 2008/09 (includes one-off costs of transfer &amp; redundancy costs)</b>	<b>(66,084)</b>
<b>Annual Budget Saving / (Shortfall) Year 2 onwards</b>	<b>22,228</b>

- 5.2 As with all such arrangements there are one-off transitional costs that will need to be met in the current financial year. The two authorities have agreed to share these costs, Halton's contribution presently being £13,565. This figure will rise to £15,000 between now and the transfer date.
- 5.3 Other HBC expenditure for Consumer Protection Service includes Corporate Support Recharges for the retained services, pension actuarial costs (re Consumer Protection employee who retired in 2006/07) and excess travel.
- 5.4 There are a number of fixed costs which will be retained by the Council following the transfer relating to corporate and departmental support, which will be redistributed within the Directorate. This figure includes a reduction of £27,010 for an accommodation recharge.
- 5.5 The 2008/09 budget includes the achievement of the £75,000 budget saving approved in 2007/08.
- 5.6 Budget Saving/(Shortfall) in future years does not include contract price increase or inflationary uplift on budget and expenditure. The Contract will address annual inflationary increases to the contract price. It will also include a 2-year review mechanism which, amongst other things, will provide scope for Halton to seek exceptional adjustments to the contract price, in the unlikely event that the need should arise.
- 5.7 If the Consumer Protection Service was to remain in-house at Halton, the projected overspend for Year 1 would be £65,192, and in addition a further £13,000 as a result of one-off costs for upgrading IT systems, as there is an urgent need to upgrade existing systems. Future years would see a projected underspend of £8,120.

## **6.0 OTHER IMPLICATIONS**

### **Consultation**

- 6.1 Unison has been represented on the Project Board and the Legal/HR sub-group to ensure that all staffing matters have been addressed overtly. Halton representation on the Project Board and sub groups has been mirrored by the representation of our Warrington colleagues. In addition, as previously indicated, officers who will be subject to transfer have played active roles in the IT and technical Trading Standards sub groups. A number of ongoing information/consultation meetings have been held with officers of Halton's Consumer Protection team.

### **Personnel Implications**

- 6.2 The recommended year 1 Contract price is based on the transfer of 8 Halton Consumer Protection posts to Warrington (7.6 full time equivalents). Two of these posts are presently vacant and 2 people share one of the remaining posts so there are 7 officers (5.6 full-time equivalents) who will transfer under TUPE-like provisions associated with the Cabinet Office protocol.

- 6.3 The preservation of pension rights can present a major challenge when transfers take place, particularly when the transfer is from local authority to private sector employment. In this instance, pensions are not an issue as the transferring officers will remain in the Cheshire pension fund.
- 6.4 Counsel's opinion has been sought jointly by both authorities' Legal Services on a number of matters. So far as the staff's terms and conditions are concerned the advice received is that neither Warrington's Job Evaluation exercise (due for implementation in the New Year) nor the planned restructure, should result in any of the officers being put on less favourable terms and conditions. This had obviously been a cause for concern. In terms of additional staff protections therefore, the contract will simply address the question of excess home to work mileage, for which existing protocols will be used.

### **Other service implications**

- 6.6 The Trading Standards service is part of Fair Trading & Life Events, which also includes the Registrars and Cemeteries Services, managed also by the Divisional Manager, Consumer Protection. A number of options for re-aligning these functions are being considered, none of which will result in additional cost.

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

### **7.1 Children and Young People in Halton**

The joint service will prioritise its work to protect young people from alcohol, tobacco and substance misuse. Improved capacity/flexibility will also enable the new service to better promote the PHSE (Personal Health and Social Education) web based teaching packages developed in Warrington, for use across both boroughs.

### **7.2 Employment, Learning and Skills in Halton**

The vital role played by Trading Standards in providing a regulated 'level playing field' for businesses to operate, and prosper, is not well understood. Improved intelligence and enforcement capacity will enable the new service to really focus on the rogue traders who damage the interests of consumers and businesses alike, as well as providing a comprehensive business advice service.

### **7.3 A Healthy Halton**

The new, joint service will build capacity to better contribute to reducing health inequalities through helping to reduce alcohol harm, substance misuse and smoking prevalence and obesity. It will better target retailers who sell age-restricted products such as alcohol and cigarettes to young people. Intelligence capability will also be improved, thus enabling an improved focus on the growing problem of counterfeit and illicit tobacco.

### **7.4 A Safer Halton**

A joint service will have increased capacity to both improve the intelligence

analysis capability as well as investigate doorstep crime offences, which are committed against primarily older and more vulnerable consumers. It will introduce the concept of 'fake-free' Warrington and Halton and give real focus to addressing the shadow economy outlets for fake goods, which will have a positive impact on community cohesion. The merger will strengthen the work around rogue traders, with the capacity to identify and tackle rogue traders increasing. The joint service will also host the regional proceeds of crime unit, which as well as enabling us to better utilise this vital tool against criminals, will allow the Joint Service to draw in some 'windfall' income, which can be reinvested in further crime detection and prevention initiatives.

## **7.5 Halton's Urban Renewal**

None directly.

## **8.0 RISK ANALYSIS**

8.1 Since this report relates to a Key Decision, a full risk assessment has been undertaken.

8.2 All of the key risks are associated with the loss of direct control, which is a consequence of externalising any in-house Service. However, it must be stressed that the loss of day-to-day control is not at all comparable with the virtually zero control afforded to Halton pre 1 April 1998, when the two tier local authority system was in operation.

8.3 Key risks may be summarised as follows:-

- Loss of influence over Service direction in the coming years, including the focussing of the Service on Halton's key priorities
- Loss of performance management control
- Service does not balance the use of resources fairly across the two administrative areas
- Service under performs
- Service not sufficiently accountable to Halton
- Loss of identity with the Service, including in the good publicity the Service will attract
- Harder to apply financial savings than with in-house service

8.4 The key control measures for all of the risks are robust Contract clauses to ensure the accountability of the service provider and to provide the necessary checks and balances to control/minimise or even eliminate certain key risks.

## **9.0 EQUALITY AND DIVERSITY ISSUES**

9.1 The report is neutral with regard to equality and diversity issues. A standard legal clause or clauses will be included in the Contract regarding equality and diversity.

## **10.0 REASONS FOR DECISION**

- 10.1 To provide an enhanced quality of service by combining the best of two, very good but relatively small services, and deliver economies of scale and flexibilities through a larger “Trading Standards” team. This will deliver a single Trading Standards Service of optimum size, which is “fit for purpose” in delivering good outcomes, and which will develop and continually improve to meet the present and future Trading Standards needs of the Halton and Warrington communities.

## **11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 11.1 Partnership arrangements were explored with three neighbouring authorities with a view to (1) jointly providing a single, cross boundary Trading Standards Service, (2) Halton providing a single, cross boundary Trading Standards Service, or (3) that authority providing a single, cross boundary Trading Standards Service. The only expression of interest came from Warrington Borough Council, which was keen to pursue option (3) above.

## **12.0 IMPLEMENTATION DATE**

- 12.1 1<sup>st</sup> November 2008, or as soon as practicably possible thereafter.

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

- 13.1 There are no background papers within the meaning of the Act.