

**SURREY COUNTY COUNCIL****CABINET****DATE: 21 OCTOBER 2014****REPORT OF: MRS HELYN CLACK, CABINET MEMBER FOR COMMUNITY SERVICES****LEAD OFFICER: YVONNE REES, STRATEGIC DIRECTOR FOR CUSTOMERS AND COMMUNITIES****SUBJECT: CREATION OF A JOINT TRADING STANDARDS SERVICE WITH BUCKINGHAMSHIRE COUNTY COUNCIL****SUMMARY OF ISSUE:**

The implementation of the Public Value Review of Trading Standards in 2012 delivered several service improvements. It also produced savings of 20% (including a 50% reduction in management costs). Further Medium Term Financial Plan savings of 4% have been achieved in Trading Standards this financial year. The Public Value Review recognised that future efficiencies would need to come from sharing services, and from increasing income.

This proposal is a natural continuation from the Public Value Review and recommends the creation of a new joint Trading Standards Service between Surrey and Buckinghamshire. The new service will provide an enhanced service for residents and businesses in both counties. It will also ensure future service resilience, whilst at the same time reducing costs. The cashable savings equate to approximately 12% of the joint service delivery costs by year 4. The alternative in each service would be to make service delivery reductions which would reduce both the protection for residents and the support for local businesses.

The Cabinet is asked to consider the proposal detailed in the business case, and associated supporting papers, and to approve the creation of the new joint Trading Standards Service with Buckinghamshire County Council.

**RECOMMENDATIONS:**

It is recommended that the Cabinet:

1. Approves the proposal to create a new Joint Trading Standards Service with Buckinghamshire County Council with effect from 1 April 2015.
2. Agrees that the Executive functions of the Council, which are within the remit of the Trading Standards service, shall be discharged by a newly constituted Joint Committee to be established with Buckinghamshire County Council with effect from 1 April 2015.
3. Agrees that the Joint Committee will comprise one Cabinet Member from each partner authority, together with another member from each who may attend regularly in an optional advisory and supportive capacity but who would not form part of the Joint Committee itself.
4. Delegates the responsibility for agreeing the detail of an Inter Authority

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Agreement with Buckinghamshire, and other related issues including establishing the Standing Orders for the Joint Committee, to the Strategic Director for Customers and Communities, in consultation with the Cabinet Member for Community Services.

5. Delegates the responsibility to amend the Council's Constitution to reflect the changes arising from this report to the Director of Legal and Democratic Services.

#### **REASON FOR RECOMMENDATIONS:**

The creation of a new joint Trading Standards service will enhance services for residents and business in Surrey and in Buckinghamshire.

A new joint service will enable both local authorities to achieve the Medium Term Financial Plan targets, and will position the service better to generate further income in future years.

The alternative for each service would be to make service delivery reductions which in turn would reduce protection for residents and the support available for local businesses.

#### **DETAILS:**

##### **Background – What is the problem we are trying to address?**

1. The overarching aim of creating a joint service is to ensure the resilience and sustainability of the services delivered to residents and local businesses by Trading Standards.

##### **Other options considered**

2. Following the Public Value Review of Trading Standards, there were two options available to meet its financial savings targets. Either Trading Standards remains as a single service within the Council or it seeks a new model of delivery. It is not possible to de-commission Trading Standards and re-commission it from the market, such services are not available.
3. Remaining as a single Service within the Council is not considered desirable. The necessary future financial savings could only be achieved through cutting services delivered to businesses and residents, damaging the Service's ability to operate effectively.
4. The Service has therefore been actively pursuing potential new models of delivery. The most resilient and suitable approach identified was to create a new joint service with another local authority. A number of different models of running a joint service have been evaluated and further information is available in the Business Case and its appendices. The recommended option of a Joint Committee is preferred because it allows for a partnership approach whereby both authorities continue to have influence in the way the service is provided.

##### **Working with Buckinghamshire**

5. Buckinghamshire Trading Standards is an ideal partner for the Trading Standards Service for several reasons; The demographics of Buckinghamshire are very similar to Surrey leading to similar crime types and Trading Standards issues

being dealt with; Both services are comparably resourced per head of population; The two services complement each other well, in that both have areas of strength which can be shared and used to support each other.

6. For example, Buckinghamshire has a successful volunteering arm, the national Trading Standards lead officer on Food, and strong animal health and welfare knowledge within the service. In turn, Surrey has the national Trading Standards lead officer on doorstep crime, expertise in the protection of vulnerable residents, and has a very well developed commercial team providing Primary Authority Partnerships and business advice to generate income.
7. The proposals envisage a new joint service with all staff employed by a single employer and in a single management structure. However, the service would retain the same local presence in each county. There are no plans to relocate staff. The service would continue to operate from Redhill in Surrey, and from Aylesbury in Buckinghamshire. Staff in both local authorities have been engaged and closely involved as the proposals have developed.
8. A new service would operate as a partnership between the two local authorities and the Governance arrangements, outlined below, are designed to ensure that is how it works in practice. It is not one service taking over another, or a simple contractual relationship. It is a partnership where both local authorities can achieve more for their local communities and businesses than they could by operating independently.

### **Business Case**

9. A business case has been written which summarises the benefits of a new joint service for residents and for businesses. It also provides further detail on the financial benefits and income generation projections. This approach enables the savings required by the Medium Term Financial Plan to be made without damaging front line services.
10. The business case demonstrates how a joint service with Buckinghamshire will:
  - Share expertise and best practice and ensure greater resilience to cope with unforeseen challenges, such as animal disease outbreaks, large scale investigations, complex frauds, or illness or loss of key officers and their specialist technical knowledge.
  - Reduce costs through sharing resources, including IT and databases, intelligence and specialist financial, legal and other roles that can cover the wider service area more economically.
  - Eliminate duplication, by needing to do things once rather than twice in two different places e.g. Enforcement Policies, Enforcement Concordat, RIPA, Funding Bids etc.
  - Build on the successes and innovation within the current services to maximize the potential benefits e.g. income generation from business services, systems thinking, developing volunteering, maximizing prevention through social media and other means helping to further enhance the local reach and impact of the service.

- Reduce costs by operating jointly, for example by reducing management costs, and by bringing services currently commissioned elsewhere (because of lack of capacity and skills) back in house as we build that capacity and competence in a new joint service.
- Enhance the national and regional profile and impact of the Trading Standards service. Increasing the influence we can have on policy making to ensure residents and local businesses are represented.
- Increasing income generation from specialist services for businesses and in securing additional external funding. The business case provides more detail of how this will be achieved, but one key element will be selling more services to businesses, such as the highly successful and valued Primary Authority Partnerships with local businesses.

### **Oversight via Project Board**

11. A Project Board has overseen the development of the proposal. The Project Board has included both the Cabinet Member for Community Services, Helyn Clack and the relevant Strategic Director Yvonne Rees, together with the equivalent representatives from Buckinghamshire, Cabinet Member, Martin Phillips and Service Director, Phil Dart.
12. The Project Board has considered and applied lessons learned from similar shared service initiatives for example in West Berkshire and Wokingham and in Devon and Somerset.

### **Governance of Joint Service**

13. The Project Board recommends Governance arrangements via a Joint Committee which would have responsibility for the service delegated to it from Surrey and Buckinghamshire. This will be underpinned by an “Inter Authority Agreement” (IAA) setting out the legal arrangements for the partnership. The authorities will also need to agree the Standing Orders which will apply to any meetings of the Joint Committee. These can be decided upon alongside the IAA.
14. The joint service would have a single business plan and agreed Performance Measures. Where there are specific local needs and issues they will continue to be met. Locally the service will retain local branding i.e. they will still be seen and be visible as services of Surrey County Council and Buckinghamshire County Council. This is important in helping to ensure that the services retain a strong local identity and continue to build effective local partnerships.
15. The joint service will remain subject to the scrutiny of the relevant Select Committees in both Surrey and in Buckinghamshire.

### **Inter Authority Agreement**

16. The detail of the Inter Authority Agreement (IAA) is being developed and both councils’ Legal and Finance teams continue to be closely involved.
17. Key elements of the IAA are:
  - Governance to be via a new Joint Committee made up of Cabinet Member from each partner authority, together with another member from each who may attend regularly in an optional advisory and

supportive capacity but who would not form part of the Committee itself.

- Minimum 5 year term.
- Intention that this is a long term, ongoing partnership.
- After the initial term there is a minimum 12 month notice period should one partner wish to withdraw.
- Performance measures, linked to current Local Authority priority themes, will be proposed by the Project Board and after it is constituted will be agreed by the Joint Committee before the start of each financial year.
- Responsibilities of the Joint Committee, Management Board and Officers to be set out with the IAA. This will include responsibility for legal process and The Regulation of Investigatory Powers Act (RIPA) compliance.
- Services to continue to be located within both Surrey and Buckinghamshire and to retain local branding.
- Surrey to be the host employer of all staff. Current Buckinghamshire staff to transfer to Surrey employment. Existing terms and conditions of staff are protected.
- Staff transferring from BCC will be admitted to the SCC LGPS on a fully funded basis.
- Financial contribution to the Joint Service at the outset to be shared on a 66/34 ratio (66% – Surrey County Council, 34% Buckinghamshire County Council). To be reviewed periodically by the Joint Committee.
- Savings and increased income shared on a 66/34 ratio.
- Budget risks and variations to be shared on the same 66/34 ratio.

18. How future variations to the Inter Authority Agreement will be dealt with:

- Future budget variations to be agreed jointly through the Joint Committee.
- Future variations to performance measures will be agreed by the Joint Committee.
- Both local authorities (at Cabinet level) to agree if a new partner wishes to join the partnership.

#### **CONSULTATION:**

19. The staff from both services have been closely involved in the development of this initiative. In addition, the service has held two full staff meetings of all Trading Standards staff from both Surrey and Buckinghamshire to explain, develop, and discuss the proposals. A third meeting of all affected staff is scheduled for November 2014. Unison have also been advised of the developing proposals.
20. The Communities Select Committee scrutinised the recommendation, business case and supporting documents at their meeting on 25 September 2014. The Committee supported the proposal to create the joint service, with six Members voting to support the proposal, there were no votes against, and there were three abstentions. A similar process has been undertaken in Buckinghamshire.
21. Should both Cabinets support the recommendation then we will begin a formal consultation with Buckinghamshire staff over the proposed transfer of staff from Buckinghamshire to Surrey. In total 24 staff would be transferred from Buckinghamshire to Surrey employment.

## **RISK MANAGEMENT AND IMPLICATIONS:**

Appendix F summarises the key risks and mitigating actions.

22. The Inter Authority Agreement anticipates a minimum term of 5 years for this partnership. During the time of the partnership significant changes to services will require the agreement of that Joint Committee hence limiting the ability of each participating local authority to make unilateral decisions.
23. The benefit of this approach is that it engenders confidence and trust in the partners and in the partnership. It provides the structure and framework to achieve savings and increase income that would not be achievable acting independently. The Joint Committee will provide an effective Governance structure to ensure that the joint service continues to meet the needs of both partners.
24. There is a risk that the new joint service may not achieve the projected increase in income. The projections are evidence based, and income will be monitored closely, and will be supported by the development of a new commercial strategy for the joint service. The income targets are realistic and achievable.

## **Financial and Value for Money Implications**

25. The Business Case appended to this report demonstrates that the partnership arrangement being proposed will deliver cost savings and additional income to the two councils of £396,000 per annum by the fourth year of joint operation.
26. Cost savings are delivered by the sharing of expertise and best practice, sharing of specialist resources including IT databases, and from the elimination of duplication. Additional income will be delivered from combining expertise in order to gain more Primary Authority arrangements and from enhancing the provision of chargeable business advice.
27. Implementation costs of £56,000, funded jointly, will be fully offset by savings achieved in the first year of the partnership. The estimated cost savings and additional income achievable will achieve the expected targets included in each council's Medium Term Financial Plan, although in a slightly longer timescale than originally envisaged, delivered without the requirement for service reductions.

## **Section 151 Officer Commentary**

28. The Section 151 Officer confirms that the Business Case considers the savings and additional income achievable from the proposed partnership arrangements. These meet the requirements in the current Medium Term Financial Plan (MTFP), delivering additional savings of £246,000 to the council by 2017 /18. Savings will however be delivered later than required by the MTFP, creating a budget pressure of £97,000 in 2016/17 and £34,000 in 2017/18. The Cabinet will need to consider whether these pressures are acceptable in the short term given that the longer term MTFP savings are achieved without any significant reduction in the service. Subject to Cabinet approval the updated MTFP will capture the revised savings profile achievable by the partnership in the longer term.

## Legal Implications – Monitoring Officer

29. As the relevant trading standards functions identified in this report are executive functions, the Cabinet has the power to agree to joint arrangements with Buckinghamshire's Cabinet to discharge those functions in accordance with s101(5) of the local Government Act 1972, section 9E of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions (England) Regulations 2012. These arrangements can include the establishment by the Cabinet of a Joint Committee under s102 of the 1972 Act. The 2012 regulations permit the relevant Cabinets to then determine the membership of the Committee. This will need to comprise Members of the Cabinet of each Council and the political balance requirements do not apply.
30. The effect of the Joint Committee is that all of these functions will then be discharged jointly but as the Committee is not a separate legal entity they will need to be carried out by officers employed by one or both Councils delegated with relevant responsibility. In this case the intention is that Surrey County Council will be the "host" authority for staff who will be delegated with that responsibility by the Joint Committee. Whenever joint arrangements are established, it is advisable and usual practice for an Inter-Authority Agreement to be entered into between the parties to underpin the arrangements. This agreement sets out various rights and responsibilities of the parties and the precise nature of the joint working relationship. In this case, it is envisaged that the agreement will 'lock in' both parties for the first five years. After which, it can be terminated on 12 months notice by either party. If one party does terminate the agreement (without some fault on the part of the other), the terminating party is responsible for the costs of de-coupling the service. Unless the agreement is terminated, it continues indefinitely.
31. The public sector equality duty (Section 149 of the Equality Act 2010) applies to the decision to be made by Cabinet in this report. There is a requirement when deciding upon the recommendations to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination. These matters are dealt with in the equalities and diversity paragraph of the report and in the attached equality impact assessment.

## Equalities and Diversity

32. An Equality Impact Assessment (EIA) has been completed and is attached as a Supporting Document (Appendix G)
33. The development of the joint service is expected to have no negative impact on consumers or businesses and, more specifically, will be **impact neutral** in relation to those people within the two counties who have one or more of the Protected Characteristics.
34. The analysis of the population growth trends indicates that there is significant growth in two key age groups – the under 10s (more noticeably in Surrey), and the over 60s, particularly the over 70s (increasing more rapidly in Bucks). Both of these age groups create specific demands upon Trading Standards services, particularly in terms of protection from faulty and dangerous goods, under-age sales and protection from scams and rogue trading.

35. There is no expectation of any negative impacts on any of the existing staff arising from any Protected Characteristics. Any changes to Terms and Conditions, including Employer, working practices, roles and responsibilities, and job location will be subject to consultation, fully supported by HR and undertaken in compliance with approved policy and legislation. It is expected that a more detailed EIA will be undertaken once the staffing element of the joint service development commences the development and implementation phase.

#### **WHAT HAPPENS NEXT:**

Subject to Cabinet approval the Project Board will continue to work on and finalise the formal Inter Authority Agreement.

A new Joint Committee will be created to discharge the functions of the Joint service.

The new Joint Service will be launched in April 2015.

The Joint Committee and the relevant Select Committees in both local authorities will review the impact of the new joint service.

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**Lead/Contact Officer:** Steve Ruddy – Community Protection Manager – Trading Standards. [steve.ruddy@surreycc.gov.uk](mailto:steve.ruddy@surreycc.gov.uk), tel no: 01372 371730

**Consulted:**

Buckinghamshire - Environment, Transport and Localities Select Committee  
Surrey - Communities Select Committee

**Annexes:**

**Sources/background papers:** Business Case

The Business Case is supported by a number of documents listed below:

- Appendix A: Draft Service Priorities
- Appendix B: Governance Models
- Appendix C: Options for Future Growth
- Appendix D: Case Studies
- Appendix E: Anticipated Benefits Analysis
- Appendix F: Risk Register
- Appendix G: Equalities Impact Assessment