

**SAFER AND STRONGER COMMUNITIES SCRUTINY COMMITTEE –
13TH FEBRUARY 2012**

**PROPOSAL FOR THE CREATION OF A JOINT TRADING
STANDARDS SERVICE WITH BUCKINGHAMSHIRE COUNTY
COUNCIL**

Report by Director for Social and Community Services

Introduction

1. During 2011, research was carried out into options for formal joint working with another local authority in order to minimise the impact of future efficiency savings on the outcomes achieved by the Trading Standards Service. Finding new ways of working and meeting savings requirements continues to be a high priority for the public sector as a whole. The aim of this research into joint service options for Trading Standards was to seek to maintain high quality services for the people and businesses of Oxfordshire through rethinking how those services are delivered.
2. This paper outlines the proposal to create a joint Trading Standards Service with Buckinghamshire County Council. The proposal will be considered by Cabinet in March.
3. The proposals outline a 2 stage approach to create a joint service. As an interim measure, during the period required to prepare the infrastructure for a full joint service, it is proposed that a Memorandum of Understanding based arrangement is put in place from 1st April 2012. Under this Memorandum of Understanding a joint senior management team will be formed to manage the services in both Counties and this joint management team will integrate the support processes and functions where possible in advance of the full joint service being created.

Background

The Changing National Context

4. A government consultation on changes to the consumer protection landscape was published in 2011. This consultation is likely to result in a different relationship between the local, national and regional bodies involved in consumer protection work.
5. One of the main recommendations of this consultation is the creation of a structure to support cross border working between Trading Standards

Services and regional 'centres of excellence' who can lead on tackling large scale regional or specialist crime.

6. A National Audit Office report states that 70 per cent of the estimated total of detriment suffered by consumers is across local authority cross-borders.
7. Closer working with a neighbouring authority is likely to maximise our resilience and our ability to tackle regional crime that affects Oxfordshire residents, as well as improve our chances of bringing some of the redirected central Government funding to Oxfordshire.
8. Work during 2011 explored the benefits and costs of different shared service models. This research was undertaken in partnership with Buckinghamshire Trading Standards Service. An options paper was produced proposing 3 different options:
 - (a) Option 1- A Commissioned Service
 - (b) Option 2- A Shared or Joint Service
 - (c) Option 3- A Shared Management Team
9. The Cabinet Member for Safer and Stronger Communities was involved in this research work, It was decided that option 2, a fully shared service, offered the most benefits to Oxfordshire and this option has now been explored in more depth.
10. The main benefits from adopting a joint service are outlined later in this report. The primary consideration behind the proposal to develop a joint service is the better outcomes that can be achieved for consumers and businesses in Oxfordshire should a joint service be adopted as opposed to managing future efficiency savings in isolation. A joint service will maximise the service's potential to maintain performance and levels of service to consumers and businesses through sharing expertise and specialist staff. Shared services also have greater built in resilience and flexibility in service provision through larger pools of staff available to respond to needs.
11. There is also the possibility of engaging with other local Trading Standards Services when we have developed a clear plan and future delivery model to gauge whether other authorities would want to participate. This could offer opportunities for further improvements.
12. A key driver of the discussions held with Buckinghamshire has been the need to maintain a critical mass within each service. As resources reduce, each service is required prioritise, raising the level at which the service will intervene in an issue which is causing harm to local consumers and businesses. As a predominantly reactive service, should the resources available diminish too significantly, preventative work will reduce and new issues which currently demand a response could be left unaddressed. Working jointly with another service should mitigate these effects to some extent.

Customer Needs from the Trading Standards Service

13. Following is a summary of some of the changing aspects of the demands on the Trading Standards Service.
- (a) Our Doorstep Crime Team received 524 reports of doorstep crimes during 2010/11 and saved £128,000 by way of responding to these incidents. This area of work is increasing year on year.
 - (b) Consumer complaints received that required investigation rose from 2667 in 2009/10 to 3294 (up 23%).
 - (c) 72% of consumers in Oxfordshire report that they are confident that they can buy accurately described goods or services in Oxfordshire without problems arising and 78% state that they are confident that they can buy safe goods in Oxfordshire. However, only 39% and 47% report the same confidence when purchasing on-line. As on-line activity increases, so does web based crime.
 - (d) Requests for support from businesses increased to 2091 in the year, up from 1447 the previous year, a rise of 45%. There is a continuing upward trend of increased demand from businesses for support. Responding to the increase in service requests resulted in considerably more time being invested in this service. The importance of investing resources in assisting businesses to operate safely and legally should not be underestimated.
 - (e) The Service operates Home Authority arrangements with 120 Oxfordshire based businesses to reduce the regulatory burdens on those businesses and provide a conduit for advice and support for that business.
 - (f) Primary Authority agreements are in place with 3 businesses which enable enhanced 'assured' advice to be provided to those businesses.
 - (g) 2315 interventions with businesses were completed during 2010/11. These are mainly driven by intelligence.
 - (h) The service commenced 805 formal investigations during 2009/10 and 44 prosecution cases were completed in that year. The large increase in the number of investigations commenced was mainly a result of the installation of cameras recording weight restriction breaches at Newbridge.
 - (i) In 2010 the Service took over responsibility for enforcing the requirements of Safety of Sports Grounds Act 1975 from the Emergency Planning Unit.
 - (j) A number of new No Cold Calling Zones being implemented in the county to counter the threat of doorstep crime and distraction burglary in those communities. These zones will require some on-going support from the service.
 - (k) Planning and preparation for work arising from the 2012 Olympic Games will be a key priority for 2011/12.
14. As a service we need to be able to adapt and respond to an ever changing market place and varying demands on the service from our customers. A joint service would provide for greater resilience and in built flexibility in order to provide a fit for purpose service to consumers and businesses in Oxfordshire both now and in the future.

Joint Service Project Work to Date

15. It is important that any shared service model provides benefits for Oxfordshire over and above the option of continuing to provide the service as it is currently delivered. To identify those benefits and assess whether each option is 'right' for Oxfordshire, a shared services acceptance criterion was drafted (see appendix 1). It was agreed that any shared services model would only be pursued if it met these criteria.
16. Discussions were held with Buckinghamshire Trading Standards since they appeared to be the best option for any joint working proposals with the highest commonality with Oxfordshire County Council. Gloucestershire were also broadly interested in shared service arrangements, and have kept a watching brief throughout the feasibility stage.
17. Buckinghamshire were considered the best proposition for a number of reasons including:
 - (a) Geographical location, size and demographics.
 - (b) Relationship with key partners (e.g. Thames Valley Police).
 - (c) Political control.
 - (d) Higher tier authority in two tier governance system.
 - (e) Member of same formal regional working group. This will be especially important as the Landscape Review changes are implemented since the consultation proposes a stronger role for regional groups.
 - (f) Size of service and budget.
 - (g) Similar purpose, values, style of operation and standards.
 - (h) Complementary assets, specialisms and expertise.
 - (i) Management structure and autonomy of the service presents an opportunity to provide additional management capacity to Oxfordshire.
 - (j) Has challenging savings targets to meet and is open to collaborative working.
18. An options paper was presented to Cllr Heathcoat and senior managers, and their preferred option was to pursue a joint service with Buckinghamshire County Council, with Oxfordshire County Council hosting the joint service.

Options Explained

19. Work was completed as part of the feasibility study with Buckinghamshire to explore the benefits and costs of different shared service models.

Option 1- Commissioned Service

20. One authority contracts the provision of the service to the other, with all staff transferring across to the provider authority under the provisions of The Transfer of Undertakings (Protection of Employment) Regulations 2004.

Option 2- Shared/ Joint Service

21. Both authorities pool resources and develop a common approach across the two counties for common service delivery areas. A shared service will involve one authority hosting the joint service on behalf of both Councils. There are some cashable savings, but many of the benefits are non cashable, such as increased senior management capacity (Buckinghamshire has two senior managers, Oxfordshire has one), in built resilience and a greater opportunity to make credible bids for external funding to tackle regional crime.

Option 3- Shared Management Team

22. A shared management team providing additional capacity at a senior management level in both services. There would be no formal pooling of resources, but a more informal joint working arrangement. This model would provide some benefits for Oxfordshire, such as increasing senior management capacity. This approach could ultimately move towards a full shared service on an incremental basis.
23. Any of the options above are scalable, so other local authorities could join at a later date if they wish.

Future saving requirements and likely impact on frontline service delivery

24. The Medium-Term Financial Plan identifies savings to be achieved by the Trading Standards Service. The budget reduction required from an alternative approach to the provision of the service is £100k in 2013/14 and £200k per annum thereafter. This equates to a reduction of around between 4-6 staff depending on the skills profile and structure that the service maintains. One purpose of any joint working with another authority is to minimise the impact on service delivery of this budget reduction through achieving economies of scale.

Outline proposal for joint service

25. The proposal to be considered by Cabinet is that Oxfordshire hosts a fully integrated shared service on behalf of both counties. To achieve some of the efficiencies that a joint service offers before a full joint service can be developed, it is also proposed that a Memorandum of Understanding based agreement is put in place from 1st April 2012 with a joint senior management team formed by the secondment of staff to the host authority.
26. When all necessary advice has been taken and decisions made to ensure that the joint arrangement is lawful, properly constituted and meets the needs of both authorities, a formalised joint service would be implemented, with Buckinghamshire staff transferred to Oxfordshire County Council, and a formal agreement in place between the two authorities.

27. The creation of a joint Governance Board is a key early step to ensure Members from both authorities maintain adequate control of any joint service. The options for any Governance arrangements are still being researched and the Cabinet paper in March 2012 will outline key criteria that Oxfordshire would need to achieve in this joint Governance arrangement.

Local Service Profile

28. Both authorities agreed that maintaining a local profile and presence is important under any shared service arrangement, along with maintaining established local networks with key stakeholders and partners. There was also agreement that any shared service would have to be accountable to their respective members, and a robust governance structure would need to be put in place which provides accountability without creating additional bureaucracy. Whilst there are differences in the scope of the services between the two counties (for example, Oxfordshire enforces Heavy Goods Vehicle weight restrictions on roads whilst Buckinghamshire does not) there is no reason why these local variations could not remain in a joint service.
29. There is a common acceptance that the issues such as local profile and accountability and the ability to vary the service to meet individual authority needs and priorities are important and a key factor in any future service design. But it was acknowledged that this will have an impact on options for savings. For example, additional savings may be realisable through co-location but such a change would result in reduced 'local' profile and is unlikely to be acceptable to both authorities.

Shared Aims and Performance Measures

30. During discussions with Buckinghamshire a vision for a fully shared service was discussed and agreed. The aims, priorities and performance measures of both existing services were compared, and a draft set of joint measures produced which it is considered could work across both authorities. Implementing these shared purpose statements and performance measures (defining in broad terms the aim of the joint service, the service customers could expect and how performance could be measured) would not require any significant policy change or cultural change in either authority. It is therefore considered unlikely that consumers or businesses in Oxfordshire will receive any significantly different service as a result of creating a joint service with Buckinghamshire.
31. Corporate values and priorities were also discussed, compared and mapped to ensure they were complementary and a shared service could work within the broader corporate framework.

Implementation

32. Should Cabinet approve the creation of a joint service, it is likely that implementation will happen during 2012/13. As stated above, an interim measure of a formal joint working arrangement under a Memorandum of

Understanding will be implemented early in 2012. This will ensure that we can start to capitalise on the potential benefits of joint management arrangements whilst the necessary processes required for full integration takes place.

33. It is likely that any joint service development will progress through 3 phases. Start up and consolidation (during 2012/13 under a memorandum of understanding), improvement phase (late 2012/13 as a full joint service is created) and optimisation phase (2013 onwards).

Potential Benefits

34. The shared service proposals have been developed on the basis of the realistic benefits of collective provision and protection of resources for frontline service delivery and improvement. The sections below outline some of these potential benefits. Commonly, shared services projects in local Government deliver savings through shared management, thus reducing management overheads, and by merging back office support functions. There are also savings to be made by sharing equipment and through procurement opportunities.

Responding to the Changing National Context

35. The way Trading Standards Services are delivered will change significantly in the next few years. A government consultation on the consumer protection landscape has been published. This will create opportunities for new income streams and service capacity building. As a service we are likely to be able to deliver a better service in Oxfordshire if we can embrace the new ways of working and opportunities the Government led changes bring. Joint working arrangements with another County will increase our influence and capacity to exploit these new opportunities.

Senior Management Capacity

36. From April 2012 the Trading Standards Service will operate with a reduced senior manager capacity, having removed the Group Manager layer in the service structure. This change has been driven by the need to develop new ways of working and to ensure budget reductions are managed in such a way as to protect service delivery capacity where possible. By working closer with Buckinghamshire Trading Standards, either by a shared management team; or more formalised joint working, the number of senior managers will be increased to three across the two services. This will provide additional resilience and capacity for improvement.

Support Services

37. Across the two authorities there is a degree of duplication of process around support service functions such as purchasing, maintaining information resources, maintenance of assets and equipment, etc. Opportunities will be explored for integrating these processes in order to allow front-line officers to focus on service delivery and to exploit potential opportunities for efficiencies.

Learning and sharing best practice

38. Each service has their own lead specialist officers in key subject areas, and there is an opportunity to share their knowledge and expertise across both authorities, thus removing some duplication of roles. This would result in efficiencies that could be realised across the two services.

Benefits from sharing specialist resources

39. Oxfordshire already provides a specialist petroleum enforcement function on behalf of Buckinghamshire under contract. A shared service would formalise these existing arrangements, allowing officer specialisms to remain in some areas. Oxfordshire also has a specialised Intelligence Manager and a trained Financial Investigator. A shared service will allow both services to benefit from these skills, whilst sharing the costs.

Pooled budgets

40. By pooling budgets in areas such as food and safety sampling, and conducting sampling projects across both counties, both authorities could realise some savings by reducing the total amount spent in these areas.

Resilience

41. As each service reduces in size to meet its saving requirements, service resilience will be a concern. Through a shared service resilience can be supported through sharing skills, competencies and technical knowledge to ensure each service has access to the staff with the required skills in all areas and increased capability and flexibility to absorb peaks and troughs on service demand. It is unnecessary for each service to maintain a staffing structure with all potential skills requirements being met, since many of these could be shared across the two organisations. Through identifying a common skills base across the two services and reducing duplication, resilience can be assured.

Output improvements

42. Through a shared service, we will be able to improve the quality of services by redesigning and reorganising delivery methods. Efficiencies are likely to lead to a greater service delivery capacity across the two organisations equivalent to approximately 1 full time equivalent for Oxfordshire.

Training and development costs

43. There are opportunities for a shared service to maximise economies of scale efficiencies from a joint training and staff development programmes, therefore reducing costs overall.

Overview of Financial Cost/ Benefit Assessment

44. Both services have been analysed and potential cashable and non cashable savings identified. However, a merged service will not save a significant amount of money and the possible financial savings alone are not considered to be sufficient to justify the creation of a joint service. Capitalising on the non-financial benefits is the main purpose of considering a joint service model.

Risks

45. Key risks have been identified as follows-

HR issues arising from change

46. As it has been proposed that Oxfordshire County Council hosts any shared service, staff from Buckinghamshire County Council will be transferred over as employees of Oxfordshire County Council. Staff are protected by TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006), so there is a potential risk of redundancy/restructure/early retirement liabilities associated with the additional staff, or the honouring of contractual terms or other legal obligations that are additional to Oxfordshire appointed staff, but protected under TUPE. The underpinning agreement for the joint service will need to ensure that Oxfordshire is indemnified from any potential financial risk arising from the arrangement. Full legal advice will be sought on this issue in order to achieve the required level of assurance for Oxfordshire.

Risk of losing a local identity

47. Both authorities are committed to maintaining a local presence, and have agreed on this guiding principal from early discussions about a possible shared service.

Governance arrangements- risk of loss of control

48. For a shared service, research into similar shared service arrangements suggests that a joint Governance board will be required to ensure Elected Members maintain an appropriate level of input and control in a shared service model. This Board would consist of Elected Members and senior officers from each authority and would have responsibility for agreeing the service's business plan, taking decisions on the joint service budget and receiving and challenging performance reports. Consideration will need to be given to how the role of the Scrutiny Committees from each authority can be built into the governance arrangements, and how the shared service can be held to account.

NAME: John Jackson
Director for Social and Community Services

Background papers: None

Contact Officer: Richard Webb. Acting Head of Trading Standards and
Community Safety

February 2012

ANNEX

Draft Shared Services Acceptance Criteria

The following criteria will be used to assist the evaluation of Trading Standards shared services opportunities.

- 1) The opportunity must either-
 - a. Develop the service to enable it to provide better outcomes for consumers, communities and businesses in Oxfordshire without additional cost, or
 - b. Mitigate the potential negative impact on outcomes likely to arise through meeting financial savings requirements, or
 - c. Provide for greater resilience around critical areas of service delivery or governance.
- 2) The resulting service must provide for service delivery focused on identifying and tackling the most significant risks to consumers, communities and businesses.
- 3) The option must ensure Oxfordshire achieves value for its financial input and does not subsidise another authority.
- 4) The opportunity must assist the service to meet its objectives and the County Council to meet its priorities.
- 5) The opportunity must ensure acceptable levels of political accountability within Oxfordshire County Council.
- 6) The resulting service must provide for good customer service.
- 7) The opportunity must ensure that a local presence for the service remains in place and that local identity remains.
- 8) The cost of delivering the project must be met within existing resources, by way of dedicated additional funding or without adverse long-term impact of service delivery.
- 9) The opportunity will also be assessed for its capability to -
 - a. Ensure robust management arrangements within Oxfordshire.
 - b. Improve procurement opportunities and sharing of assets therefore reduced purchasing requirements.
 - c. Ensure strong management of key risks such as health and safety.
 - d. Provide for development and innovation projects.
 - e. Reduce duplication of effort between the partners on issues such as training, maintaining expertise, etc.
 - f. Introduce improved systems of work.
 - g. Realise cashable savings through economies of scale.
 - h. Ability to meet the requirements of OCC's governance structure.