

REPORT TO: Policy and Performance Review Committee

MEETING DATE: 18 June 2013

BY: Executive Director (Services for Communities)

SUBJECT: 'Protecting Consumers': Audit Scotland's reports on Local Authority Trading Standards and Food Safety services

1 PURPOSE

- 1.1 To provide Policy & Performance Review Committee with a summary of the findings from Audit Scotland's report, 'Protecting Consumers' and of the key messages and recommendations set out in the report (pub 2013).

2 RECOMMENDATIONS

- 2.1 That PPRC notes the content of this report and the valuable work the Trading Standards and Food Safety services do.

3 BACKGROUND

- 3.1 Audit Scotland undertook an audit of local authority Trading Standards and Food Safety services in 2012. The aim of the audit was to assess how well councils protect consumers from unfair treatment or being put at risk by the businesses they buy goods or services from, and to identify any scope for improvement. The audit did not examine council activities not connected to direct transactions between consumers and businesses, such as animal health and welfare, debt counselling, environmental protection and public health.
- 3.2 The final report "Protecting Consumers" was published in January 2013. (see summary report as Appendix 1). It contains a number of key messages and recommendations which are outlined below together with comments in relation to the Council's position.
- 3.3 Key Message 1 : ***"The long-term viability of councils' trading standards services is under threat and urgent action is needed to strengthen protection for consumers. These are small services compared to other council services, spending about £21 million a year, or less than 0.2 per cent of councils' budgets. They have a low profile among councillors and senior managers and have***

experienced greater than average staff reductions in the last four years. Staff reductions in food safety services, which spend an estimated £13 million, have been less severe. There are concerns about loss of experience and expertise, and too few training posts, in both services. These pressures on services come at a time when risks have increased owing to greater use of the Internet for buying and selling and pressures on individuals' and businesses' budgets in the current economic climate."

- 3.4 East Lothian Trading Standards team has 6 members of staff:, 2 Trading Standards Officers, 3 enforcement officers and an underage sales coordinator. The Food Safety team has 4 qualified EHO's, 2 Food Safety Officer's, a technical officer and a Licensing Standards Officer. These are relatively small staff teams, however, there has not been any reduction in staff resource in East Lothian in the past 5 years (other than 1 post vacancy in food & safety in 2012). East Lothian is one of 15 Councils in Scotland with 8 or fewer trading standards staff (FTE). By Audit Scotland's measures, East Lothian is classified as a small authority.
- 3.5 While there has not been an identified trainee post in either trading standards or food & safety teams for some years the Council has supported staff to obtain professional qualifications and competencies.
- 3.6 From an East Lothian perspective the services have a reasonable profile with some councillors and senior managers mainly through direct service dealings and initiatives such as "Trusted Trader". The services do provide a public health/ consumer safety response and profile is raised at times of incident response. The services consider they work closely with and in support of local businesses eg Food hygiene Information Scheme.
- 3.7 Key message 2: **"Councils are rightly targeting their limited resources at the highest risk areas and reducing their work on the lowest risks. Targeting resources in this way relies on good intelligence. However, trading standards services do not assess risks on a consistent basis, and a reduction in consumer advice and support means that, in some areas, councils have weakened their ability to gather local intelligence about risks to consumers. This also means that some consumers may not get the help they need when things go wrong, and already over a third of consumers do not know where to go to seek help for some types of problem"**.

Unlike a number of Councils, East Lothian Trading Standards still operates a limited consumer advice service and works in partnership with the Citizens Advice telephone helpline service. The team do carry out intervention where a vulnerable consumer has been identified. Consumer advice is an invaluable source of intelligence. The service has now gained access to the UK Memex intelligence database for securely and confidentially accessing and updating our intelligence profiles. The service had already started a review of its risk rating of businesses etc prior to the report publication.

The Food & Safety Team works to well established, guidance and codes of practice led by the Food Standards Agency on risk assessment (see below).

- 3.8 **Key Message 3: “*The Food Standards Agency (FSA) in Scotland has supported the development of national standards and priorities and a reporting framework for councils’ food safety services. The FSA also audits councils’ performance. National coordination is significantly weaker for trading standards services, which no longer have national standards and priorities or a national system of performance reporting. Individual council trading standards services have adopted their own approaches to managing performance. This lack of consistency makes it difficult for councils to benchmark their performance and demonstrate that they are delivering efficient and effective services to their communities and making the best use of their resources. However, changes to the organisation of trading standards services at the UK level present the Convention of Scottish Local Authorities (COSLA) and councils with an opportunity to establish strong national coordination in Scotland and improve these services by organising them more effectively*”.**

- 3.9 It is fair to say that Councils are inconsistent in how they assess trading standards risk. This is attributed to the lack of clear national standards and guidance. In that regard there has been some progress since the report was researched in 2012.

Most Scottish trading standards services (including ELC) use the former Local Authority Co-ordination of Regulatory Services (LACORS) trading standards guidance for risk assessment and business planning. Unlike food safety guidance the trading standards guidance is not mandatory and some Councils have developed their own local approach. With the recent demise of LACORS new guidance is being developed across the UK including consideration at a COSLA level.

Trading Standards and Food Safety services have clearly defined service and business plans which identify key outcomes. These plans are centred on the protection of consumers and business, based on the principles of ‘One Council’ and the Council Plan.

Both Trading Standard and Food Safety have internal scorecards for reporting performance data as well as KPIs and Food Standards Agency PIs. Internal scorecards will be kept under review to ensure, as best we can, that they demonstrate that the teams are delivering efficient and effective services and making best use of available resources.

Changes taking place to the organisation of trading standards at UK level involve the transfer of functions from the Office of Fair Trading to local authorities. In Scotland, this is being managed by the ‘Consumer Protection Task Group’, a joint member/officer COSLA group. This group is overseen by the COSLA Community Well-being Executive Group. A national team, ‘Trading Standards Scotland’, has been created within COSLA to manage

the transition and take on the new local authority responsibilities. This is a small team addressing national / cross border trading standards work eg internet crime, Scottish “scambusters”, illegal money lending etc. this team will support local trading standards services.

The Consumer Protection Task Group has expanded its remit to formulate responses to the key recommendations in the Audit Scotland report. These will be implemented by ‘Trading Standards Scotland’ working in partnership with local authorities.

4 POLICY IMPLICATIONS

4.1 Providing Trading Standards and Food Safety services are statutory obligations for the Council.

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None at present. The report recommendations will be further considered as far as they relate to Council service delivery as the services are reviewed in response to the implementation of the Council Plan including workforce efficiency and financial objectives.

6.2 Personnel - The Council currently has sufficient staff with core competencies to deliver Food Safety and Trading Standards functions in terms of the service/ team business plans. As the Council develops workforce planning (see 6.1), it will be important to factor in future training and maintenance of core competences in staff delivering these trading standards and food safety functions.

6.3 Other – None

7 BACKGROUND PAPERS

7.1 Audit Scotland report ‘Protecting consumers’ http://www.audit-scotland.gov.uk/docs/local/2013/nr_130131_protecting_consumers.pdf

7.2 Appendix 1: Key recommendations

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APPENDIX 1

Audit Scotland – “Protecting Consumers” (2013)

Report Summary

“As consumers, we expect what we buy to be safe and sold fairly and honestly”

Key facts

£56 billion Estimated amount spent by Scottish consumers in a year

79 per cent Food premises rated as broadly compliant for food hygiene by council food safety services in 2011/12

1.3 million People in Scotland who think they have reason to complain about goods or services bought in the last year

10 per cent Approximate percentage of consumer spending in 2011 that was online

£7 per person Estimated amount spent by councils on protecting consumers

35,000 Consumer complaints and advice requests dealt with by councils' trading standards services in 2011/12

Background

1. Scottish consumers spend about £56 billion a year.¹ As consumers, we expect what we buy to be safe and sold fairly and honestly. If we buy food from a shop, cafe or restaurant, we expect the food to be as described on the label or menu and safe to eat. If we buy a pair of sunglasses described as giving protection from ultraviolet light, we trust them to protect our eyes.

2. When things go wrong, consumers can lose money; miss out on important services; be disappointed or inconvenienced; lose confidence in suppliers; experience stress or anxiety; or risk injury, illness or even death.² Every year, an estimated 1.3 million people in Scotland think they have reason to complain about the quality of products or services they have bought.³ Although many complain directly to the retailer and have their problem sorted out, over half a million either do not complain to the retailer or take no further action after failing to have the issue resolved.
3. More people are shopping on the Internet and this has introduced new risks, such as web-based scams or new sellers being unaware of consumer protection laws that allow people to change their minds about a purchase. In addition, changes in consumers' and businesses' behaviour due to the current economic climate have heightened some risks as people seek lower prices and some businesses seek to reduce their costs by cutting corners.
4. A range of Scottish, UK and EU legislation aims to protect consumers from harm. Businesses must comply with these laws and councils are responsible for making sure they do. Councils also work with consumers through their trading standards and food safety services to help avoid problems or resolve them when they happen.

About our audit

5. The aim of our audit was to assess how well councils protect consumers from unfair treatment or being put at risk by the businesses they buy goods or services from, and to identify any scope for improvement.
6. We last examined council services to protect consumers in 2002 when we published a report on trading standards services in Scotland.⁴ We recommended then that councils, particularly those with small trading standards services, consider joining up services and working together more to increase their capacity and develop their services.
7. In this audit, we examined the main activities of council trading standards services and the food safety work of environmental health services. This included evaluating how effectively councils identify the risks to consumers and prioritise their activities to address them, and assessing how efficiently and effectively councils protect consumers.
8. We did not examine council activities not connected to direct transactions between consumers and businesses, such as animal health and welfare, debt counselling, environmental protection and public health.

Key messages

- **The long-term viability of councils' trading standards services is under threat and urgent action is needed to strengthen protection for consumers. These are small services compared to other council services, spending about £21 million a year, or less than 0.2 per cent of councils' budgets. They have a low profile among councillors and senior managers and have experienced greater than average staff reductions in the last four years. Staff reductions in food safety services, which spend an estimated £13 million, have been less severe. There are concerns about loss of experience and expertise, and too few training posts, in both services. These pressures on services come at a time when risks have increased owing to greater use of the Internet for buying and selling and pressures on individuals' and businesses' budgets in the current economic climate.**
- **Councils are rightly targeting their limited resources at the highest risk areas and reducing their work on the lowest risks. Targeting resources in this way relies on good intelligence. However, trading standards services do not assess risks on a consistent basis, and a reduction in consumer advice and support means that, in some areas, councils have weakened their ability to gather local intelligence about risks to consumers. This also means that some consumers may not get the help they need when things go wrong, and already over a third of consumers do not know where to go to seek help for some types of problem.**
- **The Food Standards Agency (FSA) in Scotland has supported the development of national standards and priorities and a reporting framework for councils' food safety services. The FSA also audits councils' performance. National coordination is significantly weaker for trading standards services, which no longer have national standards and priorities or a national system of performance reporting. Individual council trading standards services have adopted their own approaches to managing performance. This lack of consistency makes it difficult for councils to benchmark their performance and demonstrate that they are delivering efficient and effective services to their communities and making the best use of their resources. However, changes to the organisation of trading standards services at the UK level present the Convention of Scottish Local Authorities (COSLA) and councils with an opportunity to establish strong national coordination in Scotland and improve these services by organising them more effectively.**

Recommendations

Councils should:

- **work with the FSA in Scotland and, in future, the new Scottish food safety organisation to develop a workforce strategy, which identifies the staffing levels and skills required to sustain an effective food safety**

service over the next 5–10 years, and take action to address any shortfalls identified

- **ensure they have access to, and make use of, intelligence to help determine their local priorities, and contribute intelligence to information systems that support the work of other Scottish and UK councils, and the national teams**
- **develop a clear direction for the future of their consumer protection services and satisfy themselves that they are allocating resources where they are most effective and in a way that appropriately reflects the risks, national and local priorities and the needs of local communities**
- **ensure their work on lower risk areas is sufficient to prevent them becoming more serious risks**
- **ensure they monitor and manage the performance of all their consumer protection services using appropriate measures of performance that enable benchmarking, and report performance regularly to councillors, senior management and the public.**

COSLA and councils should:

- **work together to ensure strong national coordination for trading standards in Scotland that includes:**
 - maintaining effective links with UK-wide arrangements
 - analysing intelligence to identify national risks
 - agreeing national priorities
 - developing national service standards and keeping these under review
 - establishing a system for scrutinising and publicly reporting councils' performance against these standards
- **in developing arrangements for national coordination, explore a full range of options for redesigning trading standards services, including:**
 - greater use of more formal joint working
 - creating fully shared services
 - establishing a national service
- **liaise with the Scottish Government on the future of trading standards services where this involves organisational or service issues for which it has responsibility**

- **develop a workforce strategy, which identifies the staffing levels and skills required to sustain an effective trading standards service over the next 5–10 years, and take action to address any shortfalls identified**
- **ensure that councillors are fully informed and supported to make decisions about the future of services to protect consumers**
- **work with the Citizens Advice Service and others to increase awareness and understanding among consumers of where they can get advice and help when buying goods or services, particularly when things go wrong.**

1. 1 *Family spending, a report on the 2010 living costs and food survey, 2011 edition*, Office for National Statistics, 2011. *Mid-2011 population estimates Scotland*, General Register Office for Scotland, 2012. Excludes the costs of services provided by other parts.
2. 2 *Consumer detriment: assessing the frequency and impact of consumer problems with goods and services*, Office of Fair Trading, 2008.
3. 3 *Consumer awareness research*, TNS BMRB, Audit Scotland, 2012.
1. 4 *Made to measure: an overview of trading standards services in Scotland*, Audit Scotland, 2002. www.audit-scotland.gov.uk/work/local_national.php?year=2002