

PERFORMANCE AUDIT

Made to measure?

An overview of trading standards services in Scotland



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- securing the external audit
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- reviewing the management arrangements which audited bodies have in place to achieve value for money
- carrying out national value for money studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information which they are required to publish.

The Commission secures the audit of 32 councils and 34 joint boards (including police and fire services). Local authorities spend over £9 billion of public funds a year.

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Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to both the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Acknowledgements

We would like to thank:

- the Society of Chief Officers of Trading Standards in Scotland for supporting this pilot project and facilitating liaison between the project team and the participating councils
- members of the project advisory group (Appendix 2), comprising a range of experts from councils and other bodies, for providing valuable advice and acting as a sounding-board for the project team throughout the project
- the two secondees to the project team – Morton Houston from South Ayrshire Council, and Harold Meiehofer from Glasgow City Council, for their assistance in the development stages of the project and their major contribution to developing the service standards guides, which are now being used by over 100 trading standards services
- the Chief Officers and staff in the 32 trading standards services for their work in both undertaking the pilot self-assessments and participating in the peer review process.

The Accounts Commission takes sole responsibility for the contents of this report. Comments and queries should be addressed to Cathy MacGregor, Performance Audit.

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Summary

Trading standards services play an important role in promoting the well-being of their local communities by ensuring that ...

- consumers are protected and not cheated or treated unfairly by traders
- traders are protected from unfair competition from other traders who knowingly break the law.

Councils have a statutory duty to enforce trade and consumer legislation ...

- trading standards services do this through a range of integrated service activities, including inspecting traders' premises, investigating alleged offences, providing services to businesses, and animal health and welfare services
- although not required by statute, all trading standards services in Scotland provide additional services to consumers and businesses, including advice, information and education, and, in some cases, debt counselling.

Most trading standards duties are reserved matters under the Westminster Parliament, and the Government aims to achieve a seamless trading standards service that provides consistent, high-quality services across the United Kingdom ...

- expectations were set out in the DTI's National Performance Framework (NPF), launched in April 2002. Its objectives are to have informed, confident consumers; informed, successful businesses; effective enforcement of a fair and safe trading environment; and improving trading standards services
- the DTI has made £30 million available over a three-year period to all trading standards authorities and other organisations in Britain to support more effective enforcement, better information and advice to consumers, improved staff skills and improved consumer safety
- the NPF will be developed over the next few years to include meaningful outcome performance measures for the service

- the service standards guides developed during this review underpin the NPF and they are now being used by over 100 trading standards services – an important step in encouraging all councils to achieve national standards.

Service expectations are broadly the same, but there is a wide variation in the level of service to consumers and traders in different council areas ...

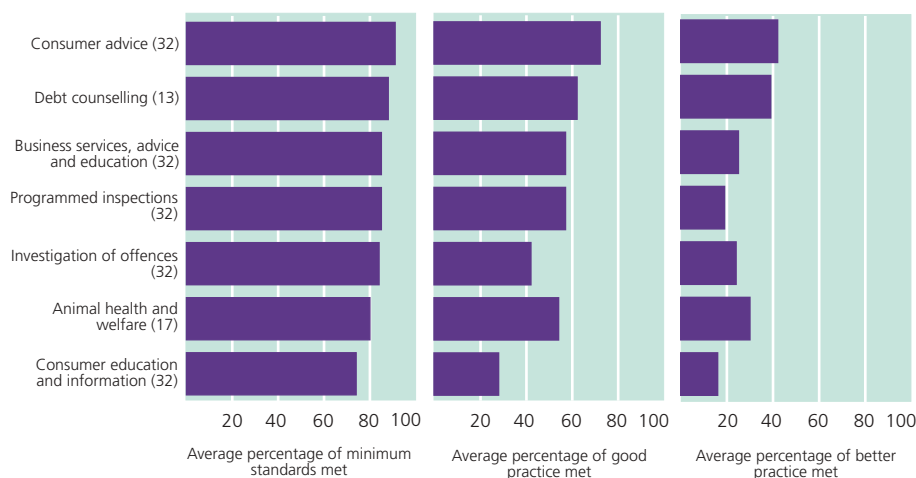
- larger services tend to provide higher quality services compared to smaller services (those with fewer than eight staff)
- for similar sized councils, those that spend more per head of population tend to provide higher quality services – some spend twice as much per head as others
- there is a wide range across services in the number and mix of staff with different skills and expertise.

Overall, services to consumers and businesses need to be improved in a number of areas ...

- across all trading standards services, consumer advice and debt counselling are the most fully developed services; consumer education and information is the most poorly developed service (Exhibit 1).

Exhibit 1: Assessment of activities undertaken by trading standards services

Consumer education and information is the least developed of the seven activities reviewed using the service standards guides.



Note: The figures in brackets show the number of trading standards services undertaking each activity.

Source: Audit Scotland fieldwork 2001/02

- at least a quarter of trading standards services do not meet the minimum standards of service because they do not:
 - publicise business services or actively promote advice and education services to businesses
 - seek ‘home authority’¹ agreements with appropriate companies, and keep the LACORS ‘home authority’ database updated
 - issue calibration and testing certificates within an agreed time period
 - have available a range of cross-cutting education material
 - have an enforcement policy setting out a scheme for prioritising investigations and enforcement actions
 - have written inspection procedures.

Scottish councils spend £18.5 million a year on trading standards services, employing around 500 staff² ...

- all 32 councils have their own trading standards service – the number of mainland services trebled as a result of local government reorganisation in 1996, fragmenting the former nine regional trading standards services into units of significantly differing sizes
- there is considerable variation in the size of trading standards services – staff numbers range from three to over 50
- larger services tend to employ specialist staff to deal with consumer enquiries and complaints, and provide debt counselling services.

¹ The Local Authority Co-ordinators of Regulatory Services (LACORS), with the support of major business organisations, introduced the voluntary ‘home authority’ principle, whereby all enquiries and problems from trading standards services anywhere in the country, which derive from the policies pursued by a company’s headquarters, are referred to the service of the authority where the headquarters are located. The LACORS ‘home authority’ database lists those companies for which an authority has ‘home authority’ responsibility.

² Excludes public analysts, which are included in the Scottish Executive’s quarterly Joint Staffing Watch figures.

Resource problems are affecting service performance...

- most³ trading standards services fall well short of meeting their targets for inspecting business premises, including those assessed as high-risk
- councils are experiencing problems in recruiting both qualified trading standards officers and trainees – a quarter do not have an adequate number of appropriately skilled staff to undertake investigations of offences
- nearly half of trading standards services have little staff time to further develop services such as consumer education
- the proportion of all premises assessed by trading standards services as high-risk for inspection purposes, varies from 42% to less than 1%. This suggests that similar types of premises are being under- or over-inspected, resulting in available resources not being used to best effect and traders not being treated consistently.

Better management and organisational processes help councils to provide better services ...

- overall, trading standards services perform well across the majority of their business processes
- many trading standards services implement effective and smarter ways of working, including making good use of information and communications technology (ICT), mounting joint operations with other agencies and sharing the use of expensive equipment
- however, more than a third need to improve their arrangements to meet the standards expected by the NPF and achieve Best Value services, in the following areas:
 - consulting and communicating with stakeholders – to understand their needs and priorities
 - mainstreaming equalities issues across all aspects of their work – to ensure vulnerable groups are protected
 - prioritising activities on the basis of robust risk assessment – to ensure resources are used to best effect

³ This report uses the terms 'almost all', 'most', 'majority', 'less than half', and 'few' to indicate the number of councils and trading standards services (refer to Appendix 3 for details).

- establishing more effective performance monitoring and review – to monitor continuous improvement
 - formally involving members in policy approval, service planning and review of performance – to raise the profile of trading standards services within the council and enable members to hold trading standards services to account
 - public performance reporting – to inform people of how well the service is performing
- these improvement actions will require the commitment of both the council and trading standards services as some of the actions are heavily influenced by corporate policies.

The report identifies areas where resource management needs to be improved and councils are encouraged to review their ...

- staffing requirements – six services have not done so since reorganisation in 1996
- approach to enforcement, to ensure that resources deployed are based on the LACORS risk assessment guidance, and are proportionate to tackling problem traders or business sectors and practices that target the vulnerable and socially excluded
- time spent managing the service, which ranges from 3% to 32% of total staff time in small services
- level of central support costs charged to trading standards services, which vary significantly between councils
- approach to accessing external funding (eg, the DTI's Modernisation Fund).

Small trading standards services perform worse overall than larger services and there is a risk that they do not have the capacity to further develop their services ...

- there is a strong case for councils looking at options to establish joined-up trading standards services (eg, through local consortia arrangements with their neighbouring councils). Other options include reconfiguring internal arrangements⁴ and reviewing whether there is a case for outsourcing any elements of the work
- there are many potential benefits – improved staff flexibility, a better skill mix and economies of scale (eg, management costs), which would provide councils with greater capacity to undertake more proactive work, and establish a higher service profile in their local communities.

All councils need to respond to the challenge of the new National Performance Framework ...

- a lot of work is required to bring more consistency to the level and quality of trading standards services provided by councils
- the priority for all councils is to:
 - meet all of the minimum standards of service and make further progress towards the better-quality services being provided by other councils
 - develop excellent business processes to support improved service performance
 - review the staffing resources they need to deliver the NPF
- all councils should use this report, and their local audit reports, to help them to meet the standards in the NPF. External auditors will be monitoring councils' improvement actions.

⁴ 'Better together: making improvements by reconfiguring services', Accounts Commission, May 1999.

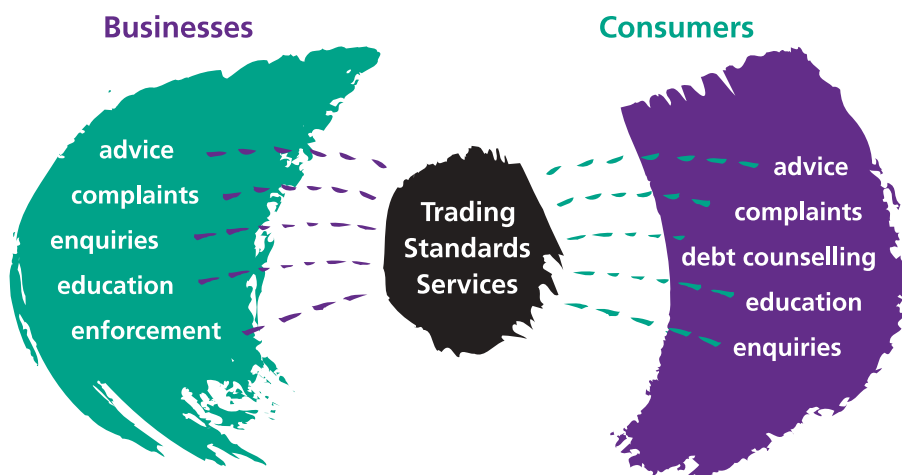
1 Introduction

What do trading standards services do?

Local authorities have a key role in protecting consumers. Trading standards services help ensure that consumers are protected from buying dangerous or substandard goods or services, and that they will not be cheated or treated unfairly by traders. They operate at the interface between businesses and consumers when there are problems with faulty goods or substandard services. But they also provide important information and advice services to assist businesses to comply with the law, and ensure consumers know their rights (Exhibit 2).

Exhibit 2: The role of trading standards services

Trading standards services operate at the interface between businesses and consumers.



Source: Audit Scotland

The work of trading standards services protects honest traders from unfair competition from others who seek commercial advantage by knowingly breaking the law. Traders must comply with a range of legislation, from describing goods correctly under the Trade Descriptions Act 1968, to storing and licensing petroleum under the various Petroleum Acts. Trading standards services have a range of powers available to them to enforce this legislation, with the aim of protecting consumers against sales of unsafe, falsely described or short-quantity goods. These include powers to enter premises, inspect and seize documents and goods, suspend the sale of goods, and take civil action using interdicts (eg, ‘Stop Now Orders’⁵). They may, ultimately, refer alleged breaches of the law to the Procurator Fiscal. If such legislation was not enforced at a local level, consumers and honest traders would be at risk and the local economy would be threatened.

Councils delegate their statutory duty to enforce consumer and trade legislation to their Chief Inspector of Weights and Measures, a position generally held by the Chief Trading Standards Officer.

Trading standards services in Scotland

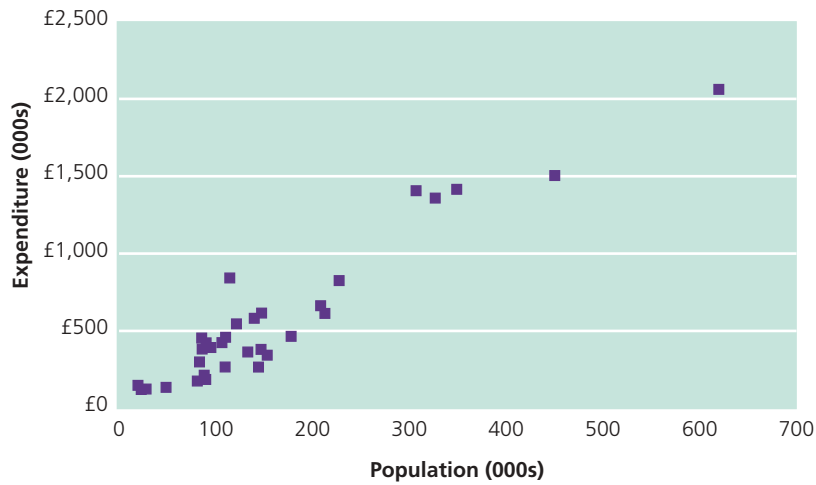
All 32 councils in Scotland provide a trading standards service at a total cost of £18.5 million a year. They are either stand-alone services or part of a larger service (eg, Protective Services). Following local government reorganisation in 1996, responsibility for trading standards services was transferred from the former nine Scottish regional councils to the 29 new unitary mainland councils. This trebled the number of individual services, fragmenting the former regional trading standards services into units of significantly differing sizes. The three islands councils continued unaffected.

The range in the size of trading standards services in Scotland is apparent when comparing councils’ levels of expenditure. Some councils with similar-sized populations spend twice as much as each other (Exhibit 3). The five largest trading standards services each spend more than £1.4 million a year. However, the majority of councils spend less than £500,000 a year, with annual spend falling to less than £200,000 in the six smallest trading standards services. Staffing generally accounts for around two-thirds of total costs.

⁵ Stop Now Orders (EC Directive) Regulations 2001 came into force in June 2001, allowing trading standards services and other named bodies to bring injunctions (interdicts in Scotland) against companies acting against the collective interests of consumers.

Exhibit 3: Councils' expenditure on trading standards

There is wide variation in the amount councils spend on trading standards services, with some similar-sized councils spending twice as much as each other.



Source: Audit Scotland fieldwork 2001/02

The size of trading standards services ranges from three to over 50 staff. The numbers of staff employed fall into three main groups: 10 services have less than 8 staff, 12 have between 9 and 16 staff, and 10 have between 18 and 58 staff. Throughout this report these are referred to as small, medium and large services, respectively. Appendix 1 lists the councils within each group.

Scottish trading standards services currently employ around 500 staff⁶. Just fewer than 200 are qualified trading standards officers (TSOs), including the 32 chief trading standards officers. In addition, there are over 150 enforcement officers, 55 specialist staff who provide consumer advice, education and information services, 35 debt counselling specialists, and 60 technical and administrative support staff.

Councils are statutorily required to enforce legislation, which they do through a range of integrated service activities, including inspecting traders' premises, investigating alleged offences and complaints, providing services to businesses (including the verification of trade equipment for weighing and measuring goods), and animal health and welfare services⁷. Although not required by statute, all trading standards services in Scotland provide some additional services to

⁶ Excludes public analysts, which are included in the Scottish Executive's quarterly Joint Staffing Watch figures.

⁷ In a number of Scottish councils, animal health and welfare, and debt counselling services are provided either by another service in the council or by arrangement with another service provider.

consumers and businesses, for example, advice, information and education, and guidance to businesses on compliance, while 13 trading standards services also provide debt counselling services⁷.

There are slight differences in the role of trading standards services north and south of the border. For example, in England and Wales, trading standards services also enforce food standards and some road traffic legislation (eg, checking for vehicle overloading). In Scotland, these duties are undertaken by other council services or external agencies (eg, the Vehicle Inspectorate carries out overloading checks, in co-operation with the police). Scottish trading standards services have other responsibilities that do not apply in England and Wales, such as second-hand dealer licence enforcement.

Approaches to enforcement involve five main strands of work (Exhibit 4):

Inspection-driven work is the cornerstone of most authorities' trading standards work and includes programmed inspections of traders' premises on the basis of estimated risk to consumers and other traders, and verification and testing of equipment used for trade (eg, to determine accuracy and minimise the risk of consumers receiving short weight or measure).

Reactive work mainly involves responding to enquiries and complaints from consumers and businesses (under both civil and criminal law), and these can place a heavy burden on trading standards services. Exceptionally, in response to the outbreak of foot and mouth disease in February 2001, many trading standards services played a strategic role in managing the controlled movement of animals.

Intelligence-gathering work is an integral element of all trading standards work, but intelligence can also be gathered from specific exercises (eg, monitoring advertising to ensure compliance with legislation such as the Fair Trading Act 1973 or the Consumer Credit Act 1974). It enables resources to be targeted at 'rogue traders' and other areas, where there is a threat to consumer protection or to legitimate traders.

Project-based work (or special projects) involves buying and testing specific types of products or services that may be dangerous, counterfeit or falsely described (eg, toys, branded clothing, second-hand cars). Some services have changed their emphasis from programmed inspections to intelligence-led, project-based work, where premises are visited or checks made under a common theme (eg, establishing whether bargains advertised by travel agents are actually available, or whether a trader is selling age-restricted products [eg, cigarettes, solvents] to children).

Education and advice work involves distributing information leaflets, promoting media coverage, working with consumer and trade organisations, local interest groups and schools, and can include debt counselling.

Exhibit 4: Approaches to enforcement

Approaches to enforcement involve five main strands of work.



Source: Audit Scotland

A lot of this work is undertaken in close collaboration with other enforcement bodies and agencies. In addition to police, fire, HM Customs and Excise, and the Inland Revenue, trading standards services work with other industry investigators in combating copyright and computer software fraud, and counterfeiting activities, and also liaise closely with other independent advice agencies, for example, individual Citizens Advice Bureaux, Citizens Advice Scotland, Money Advice Scotland and the Federation of Independent Advice Centres.

Trading standards services deal with a complex range of products and services, and consumer expectations are growing. The number of consumer complaints received each year is rising, having increased by 3% in 2000/01 compared to the previous year. Exhibit 5 indicates the annual activity undertaken across Scotland, although the scale varies significantly between councils.

Exhibit 5: Scale of annual activity undertaken by trading standards services in Scotland

The scale of activity varies significantly across councils.

Examples of trading standards activities	All Scotland	Indicative range of annual activity across councils*
Programmed inspections carried out	19,000	200-800
Items of weights and measures equipment inspected in service	221,000	1,700-10,200
Items of weights and measures equipment verified	4,900	50-200
Consumer enquiries dealt with [§]	57,000	60-1,000
Consumer complaints dealt with [§]	62,000	750-2,500
Business advice requests dealt with	10,000	120-350

* Based on the range between lower and upper quartiles.

Source: DTI Section 70 returns 1999/2000/2001 and Accounts Commission Statutory Performance Information 2000/01

[§] These figures need to be treated with a degree of caution, as consistency problems can arise from councils categorising enquiries separately from complaints.

The role of Government and its support for raising the performance of trading standards services

Most trading standards' duties are reserved matters under the Westminster Parliament, with the main remit for consumer protection lying within the Department of Trade and Industry (DTI) and the Office of Fair Trading (OFT). Certain trading standards responsibilities have been devolved to the Scottish Parliament, for example, enforcement of legislation on animal feeding stuffs.

The Government has emphasised the importance of the need for equitable and effective trading standards services across the United Kingdom (UK). In 1999, the Government's White Paper '*Modern Markets: Confident Consumers*'⁹ set out its vision of a fair deal for all consumers and economic prosperity generated by competitive businesses. Around the same time, the Audit Commission published its report '*Measure for measure: the Best Value agenda for trading standards services*'¹⁰ on trading standards services in England and Wales, which highlighted considerable variability between councils in the quality and level of trading standards services.

The DTI responded to the recommendations in that report by announcing, in 2001, that it was making a £30 million Modernisation Fund available over a three-year period, targeted at supporting all trading standards authorities and other organisations across Britain in achieving:

- more effective enforcement – through support for regional co-ordinators, cross-boundary projects and implementation of Stop Now Orders
- improved information and advice to consumers – through support for Consumer Support Networks¹¹
- raised trading standards skills and capabilities – through scholarships for the Diploma in Trading Standards (DTS) and development of distance learning materials
- improved consumer safety – through support for home accident prevention initiatives.

⁹ Department of Trade and Industry (DTI), '*Modern Markets: Confident Consumers*', Stationery Office, July 1999.

¹⁰ '*Measure for measure: the Best Value agenda for trading standards services*', Audit Commission, December 1999.

¹¹ Consumer Support Networks are being promoted by the DTI to encourage all consumer advice agencies within a local area to work together to provide joined-up quality assured advice services for consumers.

The DTI also took the lead in developing a National Performance Framework¹² (NPF) for all UK trading standards services that reflects the national priorities of having:

- informed, confident consumers
- informed, successful businesses
- enforcement of a fair and safe trading environment
- efficient, effective and improving trading standards services.

The Framework sets out priorities and core performance standards aimed at ensuring all trading standards services throughout the UK work towards national and local priorities in a coherent way. It places a clear emphasis on the need for a proactive programme of consumer and business education in addition to the core statutory responsibilities associated with enforcement of a fair and safe trading environment. Furthermore, it supports the need for councils to adopt Best Value principles in achieving economy, efficiency, effectiveness and continuous improvement in service delivery.

The DTI intends to develop the NPF over the next few years. In particular, it wants to develop meaningful outcome performance measures for the Trading Standards service, to be introduced in 2003/04. A steering group has been established, including representation from Scotland, to help take this work forward.

Objectives of Audit Scotland's review

This review aims to help councils both develop trading standards services that will meet the standards expected by the NPF and achieve Best Value services. There are three main objectives:

- to provide an understanding of the performance of trading standards services in all councils in Scotland, as a baseline for improvement
- to provide benchmarking data to support continuous improvement

¹² The Framework has been developed in collaboration with the Local Authorities Co-ordinators of Regulatory Services (LACORS), Office of Fair Trading (OFT), National Weights and Measures Laboratory (NWML), and the Trading Standards Institute (TSI). It came into effect in April 2002, and this first year is being treated as a transitional year for trading standards services.

- to identify specific areas where trading standards services need to improve their performance.

The project was developed in close collaboration with SCOTSS¹³. Throughout the course of the work the project team consulted with its advisory group (Appendix 2) and maintained liaison with the DTI to ensure that the work undertaken aligned with the evolving NPF.

The review piloted a new assessment model for performance audit. The model was designed for smaller services without government inspectorates, which might not otherwise be the subject of a national study. The approach and methodology (Appendix 3) contains a number of innovative concepts, including the development of service standards guides by the project team working with trading standards officers in Scotland, England and Wales. Use of these guides was piloted during this review and they are now being used by over 100 trading standards services – an important step in encouraging all councils to achieve national service standards.

Structure of the report

Section 2 – Service performance: summarises the main findings from the performance assessments of trading standards services.

Section 3 – Resourcing trading standards services: looks at the level of resources currently made available to provide trading standards services, reviews how these resources are being used and identifies issues that councils should explore to get better value from resources invested in the service.

Section 4 – Further action needed to improve: summarises the main action points arising from the review that need to be addressed by councils.

¹³ Society of Chief Officers of Trading Standards in Scotland.

2 Service performance

The objective of the National Performance Framework is to encourage all trading standards services to deliver consistent, high-quality services that meet the needs of their communities and customers while providing value for money. The Framework promotes best practice in the processes needed to deliver good performance, and, in time, will be supported by outcome measures that are currently being developed by a working group led by the DTI.

This review supports councils in implementing the evolving NPF, by providing each council with an independent appraisal of their current performance (including an assessment of processes and outputs, and outcome measures, where available).

The performance assessments include an appraisal of:

- **Quality and level of service** using service standards guides developed by the project team setting out minimum, good and better practice.
- **Business processes** using the Accounts Commission's performance management and planning audit framework, tailored to trading standards services.
- **Performance measures** drawing on those used by trading standards services.

Taken together, the results provide a useful overview of the performance of trading standards services in Scotland. This section provides a flavour of the main findings. External auditors' local reports provide specific details of councils' individual performance assessments.

National overview of service performance

Some trading standards services are better developed than others

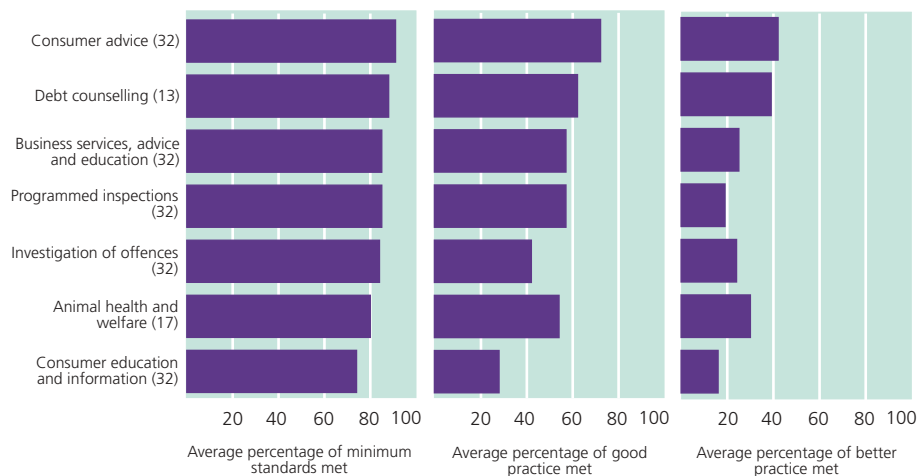
Taking the performance of all Scottish trading standards services together, the quality of service provision is highest for consumer advice and debt counselling, where trading standards services meet many of the good and better practice standards in addition to meeting most of the minimum standards¹⁴.

Conversely, consumer education and information, which involves more proactive work, has the lowest service quality across councils, with, on average, a quarter of the minimum standards not being met, and little evidence of good and better practice in most councils.

Exhibit 6 shows the average performance across all trading standards services for each of the service activities examined in this review.

Exhibit 6: Assessment of activities undertaken by trading standards services

Consumer education and information is the least developed of the seven activities reviewed using the service standards guides.



Note: The figures in brackets show the number of trading standards services undertaking each activity.

Source: Audit Scotland fieldwork 2001/02

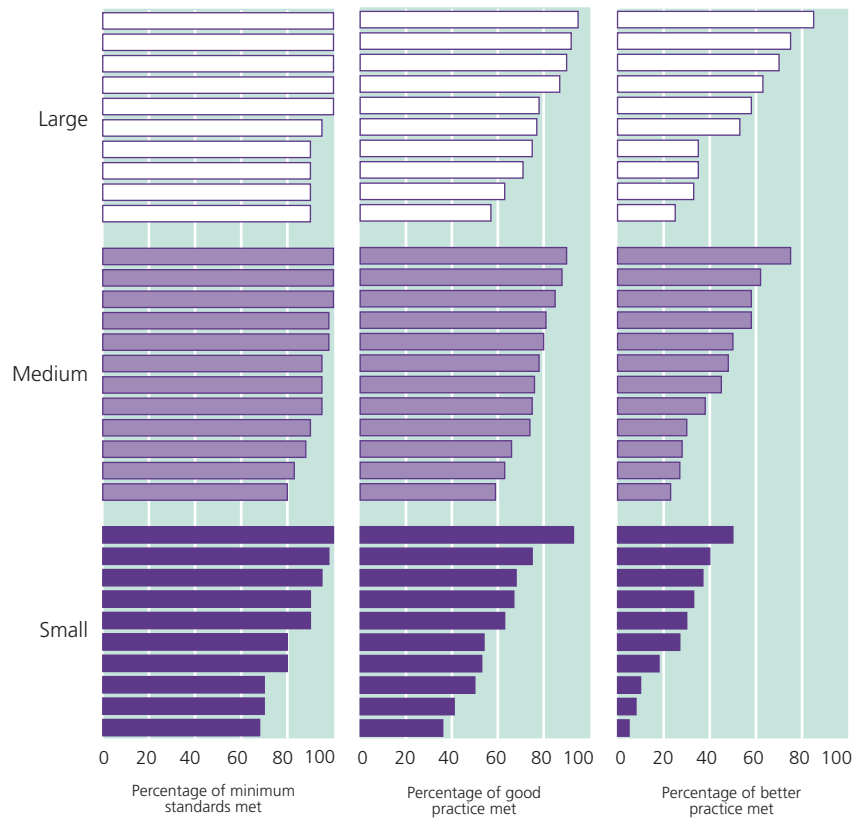
¹⁴ Minimum, good and better practice standards are explained in Appendix 3.

There is wide variability in the level and quality of trading standards services

There is a wide variation in the standard of individual services between councils. There are pockets of good performance across councils, but large and medium services were generally found to provide a higher range of performance across minimum, good and better standards, compared to the small services. A similar trend is generally apparent for most of the other six service areas reviewed. Exhibit 7 shows the position for consumer advice services. Appendix 4 shows the full range of results for all seven services reviewed.

Exhibit 7: Consumer advice services – percentage of standards met by Scottish trading standards services

Large and medium services were generally found to provide a higher range of performance across minimum, good and better standards, compared to small services.



Source: Audit Scotland fieldwork 2001/02

Small services generally have poorer overall performance in both their business processes and service delivery standards

The review found that small services generally:

- meet fewer of the minimum standards, and show less evidence of good and better practice across all service areas (Appendix 4).
- have greater difficulty than larger services in providing proactive education and information for consumers and businesses – none of the ten small services meet all the minimum standards and they achieve very little of the good and better practice (Appendix 4).
- have fewer formal policies and written procedures than larger ones – none has a formal approved policy for consumer information and education, and only two have a policy on consumer advice. In addition, a significantly higher proportion of small services have no formal approved policy for programmed inspections (70%) and no written inspection procedures (70%), compared to larger services (36% and 41% respectively).
- are less systematic in the way that they undertake service planning, consult with stakeholders and respond to their needs, monitor and control their performance, and report their performance to the public.

There are a number of areas where minimum standards of service are not being achieved by at least a quarter of trading standards services

Exhibit 8 identifies specific areas where the minimum standards of service are not being met by at least 25% of trading standards services. These require priority attention.

Recommendation

All trading standards services should provide at least the minimum standard of service in all of their activities. The priority given to further improving the quality of service into good and better practice will be influenced by local policies and availability of resources. But, over time, all councils should be aiming to achieve the better practice standards in all of their trading standards activities.

Exhibit 8: Service standards requiring priority attention

More than a quarter of councils need to take action in these areas.

Service	Minimum standards not being met
<i>Programmed inspections (32)</i>	
	having written inspection procedures that cover basic inspection administration (16)
<i>Business services, advice and education (32)</i>	
	issuing calibration and testing certificates within a locally determined time from verification and test date (13)
	actively promoting business advice and education services to businesses (11)
	publicising business services (9)
	actively seeking 'home authority' agreements with appropriate companies (9)
	keeping LACORS 'home authority' database updated (9)
	analysing new developments, including legislative changes, to assess local implications and make relevant information available to local businesses (8)
<i>Investigation of offences (32)</i>	
	having an enforcement or other policy/procedure setting out a scheme for prioritising investigations and enforcement activities (13)
	providing an adequate number of appropriately skilled officers to undertake investigations (8)
<i>Consumer information and education (32)</i>	
	having available a range of cross-cutting education material (11)
	future targeting and/or content being influenced by review of activities (9)
<i>Animal health and welfare (17)</i>	
	operating risk assessment system based on current LACORS or COSLA ¹⁵ advice (7)
	formulating the inspection programme based on locally determined frequencies, according to risk (6)
	displaying rabies information and authority contact details at recognised landing points (6)
<i>Debt counselling (13)</i>	
	publicising the service and opening hours in directories and publicity leaflets in addition to local authority directories (4)

Note: The figures in brackets show the number of trading standards services providing the service and the number needing to improve against the minimum standard.

Source: Audit Scotland fieldwork 2001/02

¹⁵ The Convention of Scottish Local Authorities.

There is a general lack of formal involvement by members in trading standards services

A common feature among many councils is the absence of formal trading standards policies approved by members, or through a formal scheme of delegation to council officers. Only half have formal, approved policies for statutory trading standards work and even fewer have policies for consumer advice, consumer education and debt counselling.

It is important for members to have an understanding of policy and strategy matters affecting the service, in order to gain their support, direction and guidance, particularly in relation to staffing and resourcing issues.

Trading standards managers would generally prefer trading standards policies to have a corporate status, by having them formally adopted and approved by members. Members have an important role in the decision-making process for the allocation of finances and resources, and the service can raise its profile by demonstrating to members, through service planning¹⁶ and performance reporting, its contribution to improving the wider well-being of the council's local communities. However, about a third of trading standards services consider that their service is not currently subject to appropriate corporate review.

Recommendation

Trading standards services should involve members (either directly or through a formal scheme of delegation) in formally approving service policies and service plans, and in holding the service to account by reviewing its performance.

¹⁶ The National Performance Framework requires service plans to be formally approved by elected members.

Many councils need to make further progress in mainstreaming equal opportunities into all aspects of their trading standards activities

Councils need to mainstream equalities into all aspects of their work to meet the requirements of the Race Relations (Amendment) Act 2000 and the Local Government Bill, which places a statutory duty of Best Value on councils, encompassing equalities. Particular areas where trading standards services need to take action are: including vulnerable groups in consultation processes and communication, and making specific provision for their needs in all aspects of service provision.

Recommendation

Councils should ensure that they comply with their statutory duty to eliminate racial discrimination and to promote equal opportunities and good race relations in all of their functions and activities, including trading standards.

Overall, trading standards services perform well across the majority of their business processes

Most trading standards services were assessed as having a systematic, well-documented approach for the majority of their business processes, but not always having arrangements in place to ensure these were routinely and consistently adopted by staff.

Exhibit 9 shows that trading standard services performed best in having sound financial management and control, and making best use of their assets. Conversely, areas where the largest number of councils need to improve are:

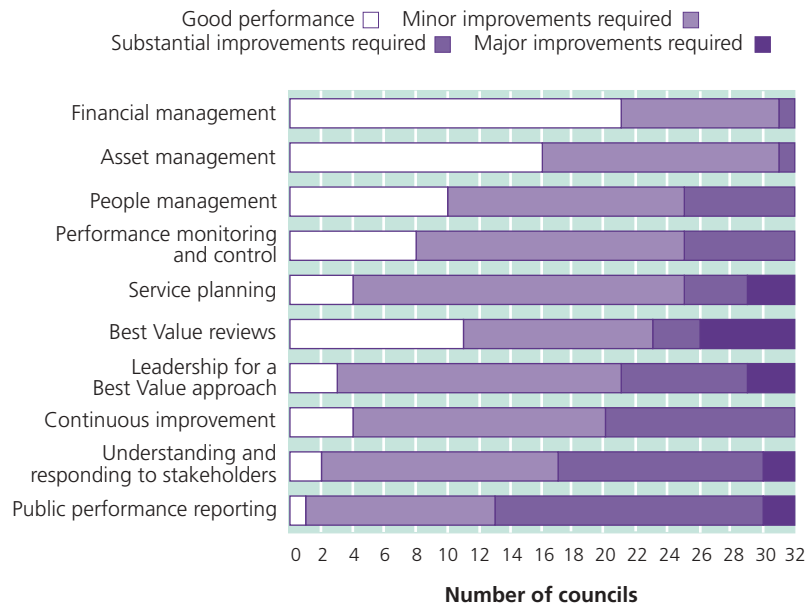
- public performance reporting – telling stakeholders about the service and how well it is performing
- understanding and responding to stakeholders' needs and priorities.

The results obtained from this review broadly accord with the results obtained from Audit Scotland's reviews of business processes adopted by other council services. This is not surprising as many of the business processes adopted by trading standards services are driven by corporate policies and procedures.

Exhibit 10 shows that the worst performing services have a wide range of performance, doing well in some areas (eg, financial management) but needing to make substantial or major improvements in others (eg, public performance reporting).

Exhibit 9: Business processes – overview of performance across all councils

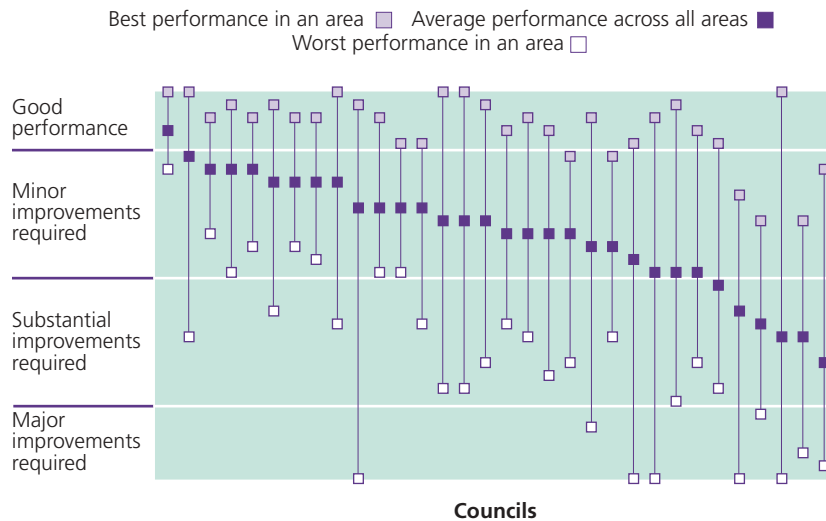
Trading standards services perform well across the majority of the ten business processes reviewed.



Source: Audit Scotland fieldwork 2001/02

Exhibit 10: Business processes – range of performance within councils

The best-performing services perform relatively well in all ten areas, whilst others have a wide range of performance.



Source: Audit Scotland fieldwork 2001/02

A number of trading standards services have been reviewing their business processes in recent years and have implemented more effective and smarter ways of working

Specific areas where trading standards services have developed improved ways of working include:

■ **Making improved use of information and communications technology (ICT)**

Almost all trading standards services now make good use of ICT in:

- using risk management software (eg, FLARE and ITECS) to manage their databases of premises, inspections, complaints and product sampling
- accessing national intelligence, keeping up to date with legislation and with developments outside their local areas (eg, access to LACORS website, TSLINK)
- maintaining effective communication via e-mail – almost all trading standards staff have access to e-mail and the Internet on their own PC
- making information available to consumers and businesses on their council's website.

■ **Co-ordinating joint operations with other agencies**

A number of trading standards services have developed new or improved working relationships with:

- trade and consumer organisations (eg, some trading standards services work with social work and community groups on testing the safety of electric blankets. Many now work closely with Citizens Advice Bureaux and other advice agencies as part of a Consumer Support Network)
- other enforcement organisations (eg, anti-counterfeiting measures at Sunday trade markets, co-ordinated jointly with the Police and HM Customs and Excise)

- other trading standards services (eg, establishing benchmarking groups to develop performance measures to facilitate inter-authority comparison).

■ Mounting initiatives to share resources and assets

A number of trading standards services have benefited from mounting cross-boundary initiatives, some of which have attracted DTI funding. The Motor Vehicle Testing Unit led by Dundee City Council is a good example (Exhibit 11).

Exhibit 11: The Motor Vehicle Testing Unit, led by Dundee City Council

An example of an effective cross-boundary initiative, which very few, if any, of the partners involved would have had the resources to undertake as individual authorities.

Dundee City Council is the lead authority for this project for a consortium of 12 Scottish councils. The project partners received funding from the DTI Modernisation Fund to set up and operate a mobile motor vehicle examination and testing unit. All the partners now have access to specialist high-cost equipment to undertake a range of investigations into local motor vehicle sales and services.

The unit has made a real impact on the motor trade sector within the participating local authority areas. In its first year, over 700 vehicles were checked at nearly 300 forecourts, resulting in over 200 prohibition notices being served because of safety defects.

A year on, many of these authorities are finding increased trade awareness and a genuine reduction in safety-related vehicle defects. Servicing and MOT work has also been scrutinised, and with a very high media interest, the project partners hope that the work will continue for the foreseeable future.

The project has delivered a number of other benefits, including:

- allowing officers from different authorities to work together and learn from each other
- promoting best practice in vehicle inspection work
- providing consistency of enforcement across the 12 local areas involved.

Source: Dundee City Council

Examples where trading standards services have joined together to share the use of high-cost equipment and services include the Weighbridge Test Unit Scheme managed by Fife Council on behalf of 16 councils, and the calibration and test centres run by Glasgow City Council and Aberdeenshire Council in partnership with their neighbouring councils.

A third of councils need to make significant improvements in specific areas of their business processes to help them achieve a Best Value service. These are:

- **Leadership for a Best Value approach** – including having clear leadership from the management team to ensure that the principles of Best Value are integrated into everyday practices across the service; involving elected members in formulating, promoting and supporting the service's approach to Best Value; and raising the profile of the service with relevant elected members by communicating the service plan and reporting performance.
- **Understanding and responding to stakeholders** – including being responsive to the needs and expectations of the local community by using their views to shape service planning.
- **Effective Best Value reviews** – including prioritising Best Value reviews with an emphasis on areas of poorer performance and including them in the service plan.
- **Service planning** – including preparing an annual service plan, setting out clearly what the service plans to do and standards of performance and targets to be achieved; prioritising activities and allocating resources on the basis of robust risk assessment, taking into account what might happen if this activity was not done or was not adequately resourced.
- **Making best use of people** – including analysing what staff numbers and skills are needed to deliver the commitments in the service plan and acting to close any gaps identified; making expectations clear to staff and giving them feedback on their performance.
- **Support for continuous improvement** – including reviewing the key processes that enable delivery of customer-centred value-for-money services and benchmarking with other organisations for the purposes of learning and improving.

- **Monitoring and controlling overall performance** – including using a range of indicators to monitor all aspects of performance against policy priorities.
- **Public performance reporting** – including being accountable to stakeholders by telling them about the services provided and about the service’s performance against clear objectives and targets. An appropriate range of media should be used to communicate with stakeholders.

Appendix 5 identifies the specific actions needing to be taken by these councils to improve their business processes. Appendix 6 shows the full range of performance against the criteria used to assess business processes.

Recommendation

Councils should review their business processes to help them achieve a Best Value service. They should use the results from their individual performance assessments and agree an improvement action plan with their local auditor.

Many councils rely on the Accounts Commission’s Statutory Performance Indicators as the main means of monitoring service performance and this can have an impact on the overall effectiveness of enforcement work undertaken

The review found that many trading standards services have not developed local performance indicators to measure and monitor their performance, choosing to rely solely on the Commission’s Statutory Performance Indicators (SPIs).

The elements of trading standards services covered by the SPIs are:

- **Inspection of trading premises** – the number and frequency of visits to premises liable to inspection, showing actual performance against targets.
- **Consumer enquiries and complaints and business advice requests** – the percentage of these completed within various time bands.

The Commission acknowledges that these indicators only give a limited view of enforcement activities. The DTI is taking the lead in developing national outcome measures and standards to underpin the NPF. It aims to have these in place for introduction in 2003/04 and the Commission expects to review its SPIs in the light of that work.

Where councils only focus their review of performance on limited SPI information, there is a risk that this can have an impact on overall service performance. There is anecdotal evidence to suggest that trading standards services are prioritising their limited resources to achieving improved performance in meeting their SPI inspection targets, to the detriment of undertaking perhaps more appropriate and effective forms of enforcement work (eg, product sampling and project work targeted at particular trade practices that are causing concern).

A few councils use other performance indicators in addition to SPIs (eg, number of new money advice clients per month and the total amount of redress obtained for customers).

Around half of trading standards services have measured satisfaction ratings for consumers or businesses that use their services. Limited data available from six of these suggests that consumers and businesses are generally satisfied with the service (consumers ranging from 84% to 97%; businesses ranging between 79% and 100%).

Recommendation

Trading standards services should aim to use a balanced set of performance measures, including outcome measures, to review performance across the range of their activities.

Trading standards services are not meeting their targets for programmed inspections of business premises

The SPIs show that trading standards services:

- achieved only 76% of their target visits to high-risk premises during 2000/01, and there was a significant reduction in the amount of inspection work achieved for medium- and low-risk premises during 2000/01 compared to 1999/2000 (Exhibit 12)
- regularly fail to meet their inspection targets. Exhibit 13 shows the range of target visits achieved for high-risk premises during 2000/01.

Recommendation

Trading standards services should set their target visits using the LACORS risk methodology taking account of local priorities, and identify the resources required for that work. Where available resources are insufficient to achieve the target number of visits, the risks to consumers and traders should be evaluated and service priorities considered as part of the resource and service planning process.

Exhibit 12: Percentage of target inspections of business premises actually achieved

There was a significant reduction in the number of inspection visits achieved for medium- and low-risk premises during 2000/01.

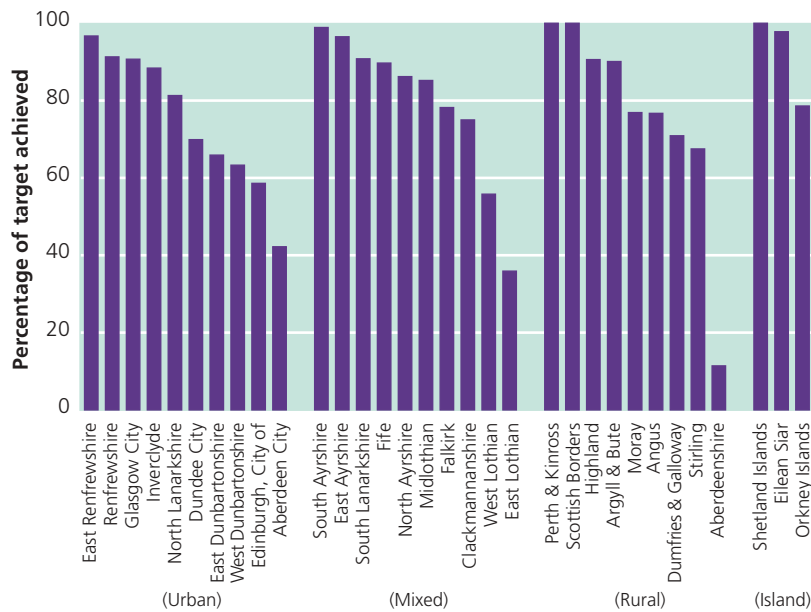
Premise risk factor	1998/99	1999/2000	2000/01*
	%	%	%
High risk	62.6	78.0	75.9
Medium risk	42.9	64.3	43.7
Low risk	43.1	53.8	32.8

* The outbreak of foot and mouth disease in February 2001 had an impact on trading standards work.

Source: Accounts Commission Statutory Performance Indicators

Exhibit 13: Percentage of target inspections achieved for high-risk premises 2000/01

Most trading standards services failed to achieve their target number of inspections.



Note: Councils are grouped according to how urban/rural their areas are, as different types of area tend to have different business profiles.

Source: Accounts Commission Statutory Performance Indicators 2000/01

3 Resourcing trading standards services

Trading standards services like all other services have to compete for council resources to deliver high-quality services. This section looks at the level of investment in the service across councils and identifies resource issues that may be affecting service performance. **All councils are recommended to review these areas to ensure that they are getting best value from their resources.**

Staffing resources were identified as the most significantly affected area, with little new money generally being made available by councils for recruitment and staff training and development. Since December 1996, the total number of staff employed by trading standards services has fallen by 5%¹⁷, against a background of increasing demands on the service.

Nearly half of trading standards services have little capacity to further develop proactive services such as consumer education. Already most trading standards services are failing to meet their programmed inspection targets and are unable to undertake major investigations targeted at known problem areas (eg, illegal money lending and second-hand car clocking). The additional expectations of the NPF of more proactive work is likely to be beyond the current capacity of many services.

However, increased investment is not the immediate answer to these problems. The case for further investment should only be made after trading standards services have properly evaluated the resources required to deliver their service objectives. Some councils have not reviewed their staffing requirements for a number of years. For example, six trading standards services have not undertaken a fundamental review of their staffing requirements following on from reorganisation in 1996.

The service expectations are broadly the same, but there is a wide variation in the amount that comparable councils choose to spend on trading standards services

All councils are expected to deliver the NPF, but, currently, there is a wide variation in the amount spent by councils with similar

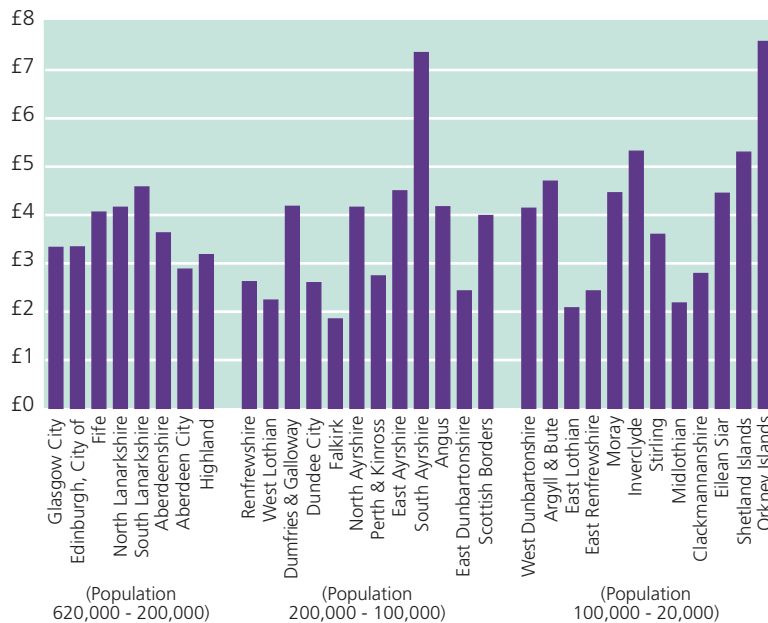
¹⁷ Source: Scottish Executive Joint Staffing Watch Survey: June 2001, published August 2002.

populations. Exhibit 14 shows that expenditure per head of population can vary at the extreme by a factor of around 4:1, but generally varies by a factor of about 2:1, mainly ranging from around £2 to £4 per head of population.

The main element of total cost is staffing. However, the number of staff employed by councils with similar populations can vary significantly, even where they provide similar services. For example, within the population band 100,000-200,000, Falkirk employs seven staff compared with North Ayrshire, which employs 13 staff.

Exhibit 14: Expenditure per head of population

The amount spent per head of population generally varies by a factor of about 2:1, for similar-sized councils.



Note: Councils are sorted from largest to smallest population.

Source: Audit Scotland fieldwork 2001/02

Up to 23% of this variation in costs, and staff numbers, can be due to the range of services provided – mainly debt counselling, and animal health and welfare services, which are not provided by all trading standards services. Thirteen trading standards services provide debt counselling and this accounts for around 14% of their total staff time, ranging from 1 to 9.5 full-time equivalents (FTE). Seventeen trading standard services provide animal health and welfare services, accounting for around 6% of staff time, ranging from 0.1 to 1.8 FTE. Appendix 1 identifies trading standards services that provide debt counselling, and animal health and welfare services.

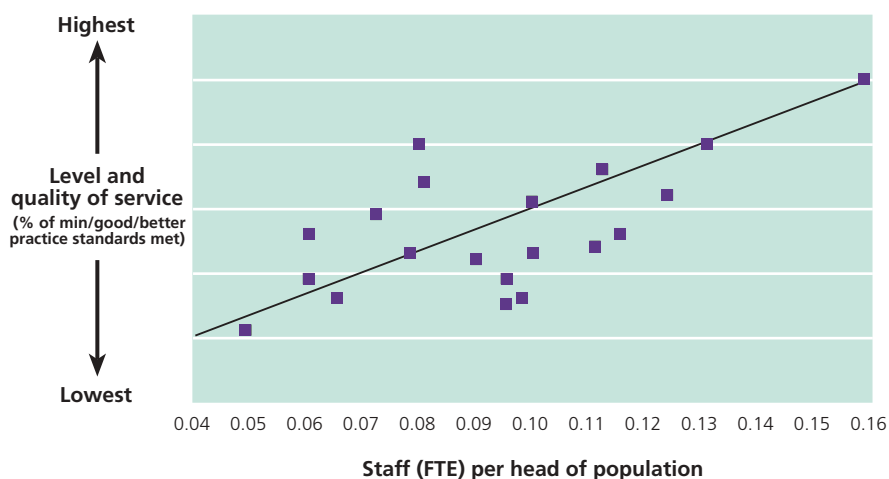
The level of service provided also has an impact on service costs. All trading standards services undertake similar core enforcement activities (eg, programmed inspections, investigating complaints and providing business services), and all make provision for consumer advice, information and education, but the level of service provided varies between councils. Some (eg, South Ayrshire Council) may provide consumers with information, advice, practical help and support, and run a proactive programme of consumer education, whereas others may provide only a basic advice service (ie, offering advice without practical assistance, or helping to identify appropriate sources of specialist advice [eg, Consumer Advice Bureaux]), and provide consumer education and information only in response to direct requests.

Councils choosing to spend more per head of population tend to provide better quality services than those spending less

The size of trading standards services does not always reflect the size of the council. Councils providing a similar range of trading standards services and having broadly similar characteristics (ie, numbers of population and business premises) may choose to spend significantly different amounts on the service, with direct implications on staffing numbers. Councils that spend more per head of population tend to provide better quality trading standards services (ie, they scored highest in their compliance with the service standards guides). Exhibit 15 shows the relationship found between the level of

Exhibit 15: Relationship between service spend, and the level and quality of service

Councils with more staff per head of population tend to provide better quality services.



Note: Excludes animal health and welfare, and debt counselling services.

Source: Audit Scotland fieldwork 2001/02

staffing per head of population and the quality of service for councils having populations greater than 100,000 (ie, mainly the large and medium-sized trading standards services, which achieve economies of scale).

There is a wide range in the number and mix of staff employed by trading standards services, and this can have an impact on staffing costs and level and quality of service

Individual trading standards services generally employ a mix of staff with different skills and expertise:

- All councils employ TSOs, who hold the Diploma in Trading Standards (DTS) or equivalent qualification, which authorises them to enforce weights and measures legislation, as well as carrying out the broader remit of consumer protection work. In addition, across Scottish councils, there are about 20 trainees studying for a TSO qualification.
- All but one council employs one or more enforcement officers, who may hold the Diploma in Consumer Affairs or equivalent. They can be authorised to enforce most consumer protection legislation, but cannot enforce weights and measures law.
- Trading standards services that provide comprehensive consumer advice and debt counselling services employ specialist staff, generally advisers who may also hold the Diploma in Consumer Affairs or other recognised qualifications.

Exhibit 16 shows the numbers and range of staff employed by trading standards services. Services employing more staff have the flexibility to have a cost-effective mix of staff, including the use of specialised staff, mainly for debt counselling and consumer and business advice services.

Exhibit 16: Analysis of trading standards staff

The numbers and types of staff vary between different sizes of services.

	Small (<8 staff)	Medium (9-16 staff)	Large (18-58 staff)
Number of councils	10	12	10
Analysis of staffing (staff FTE)			
TSO	1 – 4	3 – 7	5 – 20
Enforcement officer	0 – 3	2 – 6	2 – 11
Specialist staff (consumer advice)	0 – 2	0 – 2.5	2.5 – 10
Specialist staff (debt counselling)	0 – 1	0 – 2.5	0 – 9.5
Other staff*	0 – 1	0.5 – 6	1 – 16

* 'Other staff' includes technical, administrative and clerical staff employed by trading standards services. Administrative support provided by other services is excluded.

Source: Audit Scotland fieldwork 2000/01

Only TSOs are professionally qualified to undertake weights and measures work (metrology). They have been formally trained in the full range of trading standards activities and attract up to 50% higher salaries than other staff. Therefore a balance has to be struck between their total staffing cost and the number and types of other staff who may be employed to undertake non-metrology work.

Smaller services do not have sufficient staff numbers to achieve a cost-effective mix of staff. This results in TSOs undertaking a wider role in service provision compared to their role in larger services. In smaller services, TSOs spend about 20% more of their time on services (mainly consumer advice) that would normally be undertaken by specialist, lower-cost staff in larger services. This wider role diverts TSOs away from priority TSO work and results in a higher unit cost to the council for services such as consumer advice.

Trading standards services continue to experience problems in recruiting qualified TSOs to replace experienced staff leaving the service, and attracting DTS trainees.

Statistics maintained by SCOTSS show the TSO staffing profile in Scotland to be heavily skewed towards older staff. There is pressure on the service to recruit a sufficient stream of graduates to sustain the number of TSOs. The DTS scholarships sponsored by the DTI should be helpful to councils in achieving this, and the Trading Standards Qualification Board¹⁸ is currently reviewing the present system of qualifications and problems with recruitment.

¹⁸ The Trading Standards Qualification Board has been set up by the Trading Standards Institute, as the professional body responsible for trading standards qualifications.

A number of councils have compounded this problem by ‘freezing’ vacant posts, as a result of budget constraints. In spring 2002, trading standards services had a total of 12 vacant TSO posts (6% of all TSO posts), but were only actively trying to fill four of them. In three services the vacancies equated to a quarter of their TSO posts.

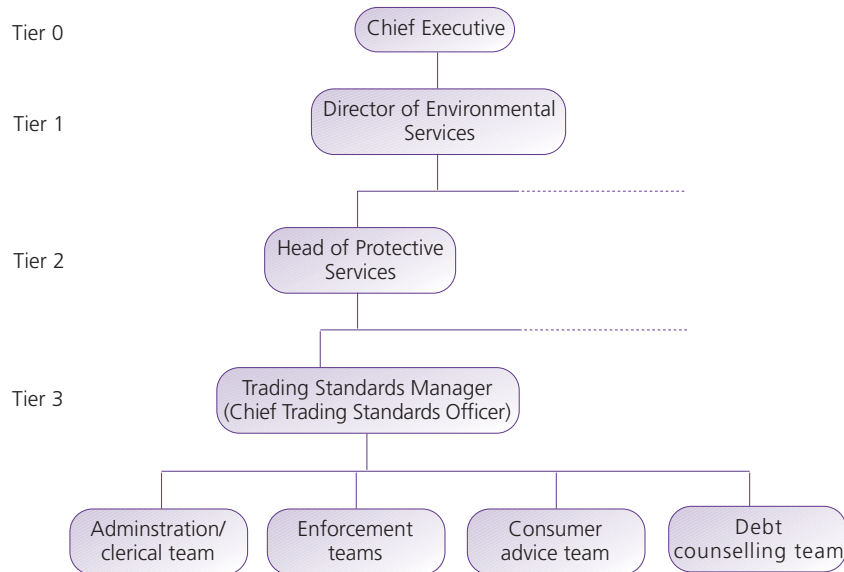
The position of the Chief Trading Standards Officer varies significantly within councils’ management structures

The Chief Trading Standards Officer (or equivalent) holds the statutory position of Chief Inspector of Weights and Measures. In 19 councils, this is a third-tier post (three tiers removed from the Chief Executive) and below tier three in four councils. This can make it difficult for these services to involve elected members in policy and strategy matters and to gain their support, direction and guidance, which is particularly important in relation to staffing and resourcing issues.

Exhibit 17 shows a typical structure operated by trading standards services employing more than eight staff.

Exhibit 17: Typical council structure for a trading standards service employing more than eight staff

Chief Trading Standards Officers are third-tier posts in the majority of councils, typically reporting to the Head of Protective Services (or equivalent).



Source: Audit Scotland fieldwork 2001/02

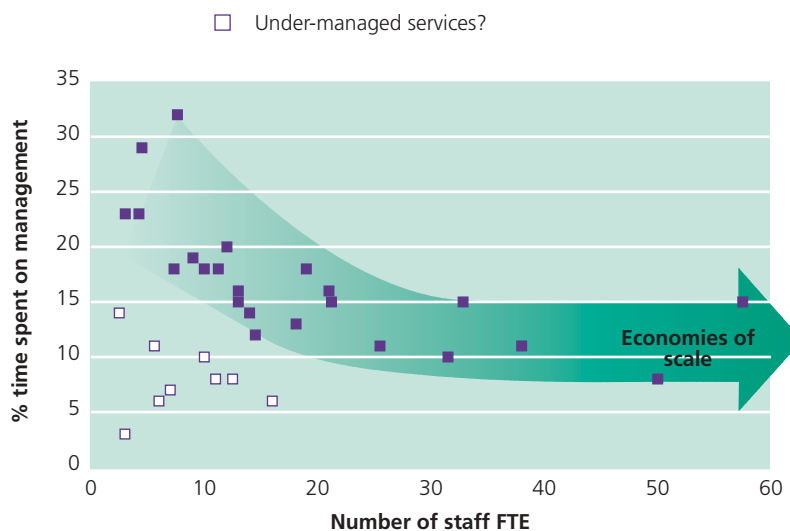
The proportion of total staff time spent on managing the service varies greatly, particularly for small services

All services need effective management to ensure that they meet their policy objectives and the standards of service expected. The review looked at the amount of staff time spent on managing trading standards services and found that over a quarter of TSO time, in total, is spent on managing the service (equivalent to 55 FTEs).

Exhibit 18 shows that larger services benefit from economies of scale, as many management tasks require similar time inputs regardless of the size of the service (eg, service planning). Larger services typically spend between 8% and 18%, but smaller services can spend up to 32% of staff time managing the service – significantly reducing the time available for front-line work.

Exhibit 18: Percentage of total staff time spent managing the service

Larger services benefit from economies of scale; smaller services spending less than 15% of staff time on management may be under-managed.



Source: Audit Scotland fieldwork 2001/02

However, in the smaller services there is a wide variation in the proportion of total staff time spent on managing the service. Under-managed services carry the risk of service failure – five small services spending less than 15% of staff time on service management were found to be in the lowest quartile of councils for service performance.

There is a high variation in the risk profile of businesses across councils, suggesting some trading standards services' inspection programmes are under- or over-resourced

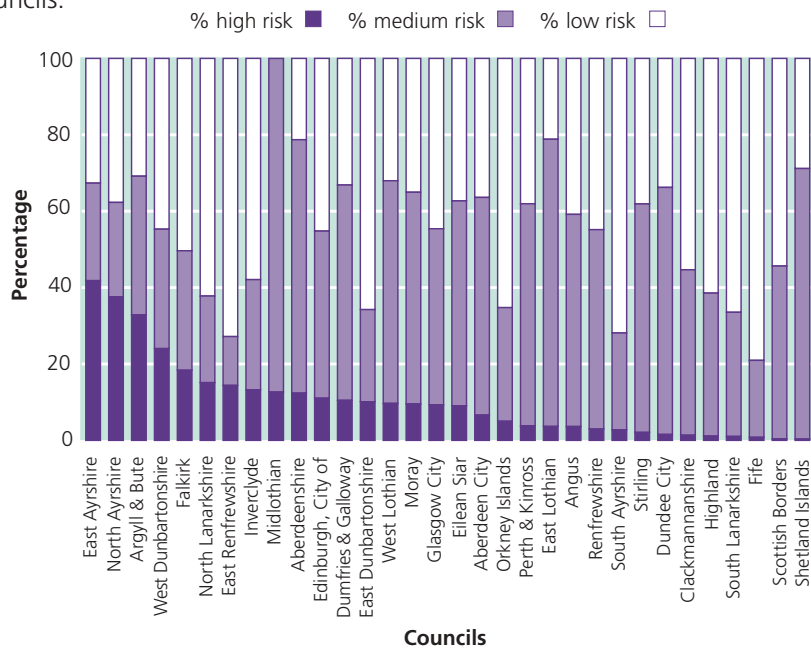
The number of programmed inspections is determined by the risk-assessment of business premises into high, medium or low risk, with a

locally determined visit frequency applied to each risk category. LACORS has issued guidance to assist trading standards services achieve greater consistency in evaluating the risk factor for individual premises¹⁹. However, the risk profiles continue to vary significantly, mainly as a result of a number of trading standards services not following the LACORS advice.

For similar types of councils there is a wide variation in the proportion of business premises assessed as high, medium or low risk. For example, the proportion assessed as high risk varies from 42% to less than 1% (Exhibit 19). Also, the frequency of inspection can be twice as frequent between councils for premises with the same assessed risk.

Exhibit 19: Risk profiles of business premises liable to inspection

There is significant variation in the risk profiles of business premises among councils.



Source: Audit Scotland fieldwork 2001/02

The risk profile will vary between councils that have different types of businesses. However, the degree of variation found suggests that robust risk-assessments are not being undertaken in all councils. It is likely therefore, that similar types of business premises are being

¹⁹ Councils should establish their risk factors based on LACORS advice on risk assessment (high/medium/low risk). High-risk premises generally tend to be visited at least once a year; medium-risk premises once every two to three years; and low-risk premises every five years. The targeted number of visits to businesses is determined by multiplying the number of businesses by the visit frequency. A few councils do not visit medium- or low-risk premises routinely, but target their resources at themed project work and high-risk premises inspections only.

under- or over-inspected, resulting in available resources not being used to best effect and traders not being treated consistently.

The level of central support costs allocated to trading standards services varies significantly

All councils recharge central support and property costs to their services. For trading standards, the level of charge varies between 3% and 39% of total cost. The elements of the charge vary and it is difficult to make like-for-like comparisons between councils. It is for each service to confirm the reasonableness of the charge being made.

Only a few Scottish councils have accessed external funding (eg, DTI Modernisation Fund) to enhance service delivery

When council funds are limited, trading standards services need to look at alternative sources of funding for new initiatives to enhance service performance. The more progressive trading standards services work hard to develop innovative ways of working and have attracted, for example, financial support from the DTI's Modernisation Fund. Exhibit 20 shows examples of successful bids.

DTI funding remains available and councils should look to optimise all sources of external funding and share costs with other councils.

Exhibit 20: Examples of financial support from the DTI's Modernisation Fund

Scottish councils have been successful in accessing funds from the DTI's Modernisation Fund.

Council/Project	Description	DTI support
<i>Argyll & Bute</i> Home safety project – making homes safer	Taking the home safety message directly into peoples' homes and installing safety equipment and conducting simple repairs. Initiative focuses on people over 65 and parents with children under 5.	£50,000
<i>Dundee (lead)</i> Motor Vehicle Testing Unit	Joint venture between 12 councils, to operate a mobile motor vehicle examination and testing unit. Refer to Exhibit 11.	£110,000
<i>Fife (lead)</i> Stop Now Orders project	Joint venture between seven councils, to develop standard practices and procedures in response to the Stop Now Orders (EC Directive) Regulations 2001.	£110,000
<i>Aberdeenshire (lead)</i> 'E'arly Bird E-Business Training Initiative	Joint venture between 16 councils and the Scottish Enterprise Network that helped over 1,000 businesses to learn about the legal requirements for on-line trading.	£10,000
<i>Dundee (lead)</i> Dot Com Chemist project	Joint venture between Dundee City Council, Aberdeenshire Council and the Medicines Control Agency, involving HM Customs and Excise. It involves investigating companies selling potentially dangerous prescription medicines via the internet.	£7,500

Source: Department of Trade and Industry

4 Further action needed to improve

There is wide variability in the quality of trading standards services provided by councils, and further improvements are needed to bring the level of performance up to the standards of the best. It is also important that all trading standards services have good business management processes to help them deliver quality services to their local communities. Many are making good progress, but more needs to be done.

The new National Performance Framework (NPF), which took effect from April 2002, aims to achieve a seamless trading standards service that provides consistent, high-quality services across the UK. There is a core set of national priorities and standards that all trading standards services should be working to. These are:

- **Achieving informed, confident consumers** – by providing an accessible and high-quality consumer advice and information service alongside a proactive education programme, which reaches vulnerable groups.
- **Achieving informed, successful businesses** – by providing accessible, high-quality business advice and information services, and adopting a proactive approach to education programmes for business.
- **Enforcing a fair and safe trading environment** – by implementing a programme of enforcement based on recognised risk assessment analysis and proportionate levels of enforcement, targeting problem traders or business sectors, and tackling practices that target the vulnerable and socially excluded. The service should work to the principles of the Enforcement Concordat²⁰, and the ‘home authority’ principle.
- **Delivering efficient, effective and improving trading standards services** – through consulting and communicating with all stakeholders to identify necessary service improvements, adopting excellent business management processes and delivering services economically, efficiently and effectively.

²⁰ The Enforcement Concordat is a national code of practice for the fair enforcement of business regulation.

The service standards guides developed during the course of this review can play an important role in underpinning the NPF. Their use will promote a consistent standard of service to businesses and consumers, consistency in enforcement activity and better co-operation between all those involved in enforcement.

Over 100 councils in Scotland, England and Wales are now making use of these guides to assess their current level of performance and to monitor their progress in continuously improving trading standards services. We would encourage LACORS and the DTI to continue supporting councils in further developing these guides.

Improving service performance

Some trading standards services are better developed than others and a lot of work is needed to bring more consistency to the level and quality of trading standards services among councils. The improvement actions needed will require the commitment of both the council and trading standards services as some of the actions needed are heavily influenced by corporate policies.

This report identifies specific areas where minimum service standards are not being met by a quarter of trading standards services (Exhibit 8). All councils should ensure that they are meeting all of the minimum standards detailed in the service standards guides. The next stage is to build on that achievement and make further progress towards the better-quality services already being provided by other councils.

Effective business processes help councils to deliver improved service performance. But the report has identified particular areas that require attention:

- **A general lack of formal involvement of members in trading standards services** – trading standards services should involve members (either directly or through a formal scheme of delegation) in formally approving service policies and service plans, and in holding the service to account by reviewing its performance.
- **Further progress needed in mainstreaming equal opportunities into all aspects of council activities** – councils should ensure that they comply with their statutory duty to eliminate racial discrimination and to promote equal opportunities and good race relations in all of their functions and activities.

- **Many councils rely on the Accounts Commission’s statutory performance indicators as the main means of monitoring service performance and this can have an impact on the overall effectiveness of enforcement work undertaken** – trading standards services should aim to use a balanced set of performance measures, including outcome measures, to review performance across the range of their activities.
- **Trading standards services are not meeting the targets they set for programmed inspections of business premises** – trading standards services should set their target visits using the LACORS risk assessment methodology, taking account of local priorities, and identify the resources required for that work. Where available resources are insufficient to achieve the target number of visits, the risks to consumers and traders should be evaluated and service priorities considered as part of the service planning process.

The report also identified specific areas where a third of trading standards services need to improve their business processes, to achieve the standards set out in the NPF and deliver a Best Value service (Appendix 5).

Councils should use their external auditor’s local report, along with the data compendium accompanying this report, to prioritise the local improvement actions needing to be taken.

Developing the capacity to support continuous improvement

All councils need to take steps to ensure that their trading standards services have the capacity to respond to meet the challenges of both the NPF and the increasing demands on the service. Section 3 of the report looks at the level of investment in the service across councils and identifies resource issues that may be affecting service performance. All councils are recommended to review these areas to ensure that they are getting Best Value from their resources.

One of the biggest challenges facing trading standards services in adopting the NPF is taking a more proactive approach to education programmes for consumers, vulnerable groups and businesses. This review has shown this area to be the least developed of all trading standards services. When staffing resources are already stretched to the extent that most trading standards services are not meeting their inspection targets (particularly high-risk premises), it will require significant commitment from all councils to ensure resources are

made available to support a more proactive approach to consumer and business education.

There are a number of themes running through this report suggesting that there is a risk that smaller trading standards services do not have the capacity to further develop their services to meet the standards expected by the NPF. This review has found that smaller trading standards services generally:

- have wide variation in the proportion of time they spend managing the service. Some spend less than 15% of total staff time on service management, which carries the risk of service failure
- have poorer overall performance in both their service delivery standards and business processes
- have limited flexibility in the use of staff (especially trading standards officers) and suffer from diseconomies of scale (eg, management costs, greater impact of absence and vacancies)
- have greater difficulty than larger services in providing proactive education and information for consumers and businesses
- have fewer formally documented policies and procedures
- are less progressive and innovative compared to the larger services (eg, in taking the lead in joint or DTI-funded projects).

The problem of capacity is not a new issue facing trading standards services. The DTI has recognised the problem and has been encouraging inter-authority co-operation by giving financial assistance to support lead authority work among councils. A number of joint projects are now well-established in Scotland, with considerable success. Many trading standards services now share information and intelligence, and share the use of high-cost equipment and services. Councils should seek to exploit all opportunities to share expertise with other councils and other agencies (eg, Citizens Advice Scotland and Money Advice Scotland).

With the introduction of the NPF, which aims to establish common standards of service across all councils and promotes a consistent approach to risk assessment, there is a strong case for councils extending their joint working arrangements to core areas of trading standards work (eg, inspection programmes, and consumer and business advice).

With the necessary political support, effective joined-up trading standards services could be established in a number of ways – for example, in the short term, by establishing consortia arrangements between councils and, in the longer term, by establishing joint boards or committees. This would retain the local presence that all trading standards services need, which would be more difficult to achieve through regionalisation or nationalisation of the service.

There are many potential benefits. For example, combining resources would provide improved staff flexibility, a better skill mix, and economies of scale, with the larger service having the potential to develop the capacity to undertake more proactive work and establish a higher profile in their local communities. Other option appraisals could include reconfiguring internal arrangements²¹ and reviewing whether there is a case for outsourcing any elements of the work. Exhibit 21 shows how three groups of trading standards services in England have developed joint services.

It is important that all trading standards services play an effective role in sustaining consumer and business confidence in their local communities. This will be achieved by councils building on the good work already being done by many trading standards services in Scotland.

Continuous improvement is a key test in providing Best Value services. All councils are expected to use this report, along with their local audit report to assist them in agreeing an improvement action plan with their external auditor. External auditors will monitor implementation against agreed time-scales.

²¹ *'Better together: making improvements by reconfiguring services'*, Accounts Commission, May 1999.

Exhibit 21: Three examples of joint trading standards services in England

Joint working at Oldham & Rochdale Metropolitan Borough Councils

Population: Oldham 220,000
Rochdale 209,000

Staff: Oldham 15
Rochdale 14

The trading standards services of these two authorities have been working together for the past two years, sharing and exchanging resources in accordance with a service level agreement. Until now, each authority has employed its own staff and a chief trading standards officer to manage its service. Joint working has largely been through officers working across both council areas, with officers being authorised to work in either area. Each service contributes the same amount of resources to shared work.

Benefits have included:

- **shared expertise** – between the two services, they have an adequate range of expertise, covering all the main areas of trading standards work
- **flexibility** – the work in each area is less affected by peaks and troughs in workload, and by staff absences, because each service can contribute staff to the other's work programme when suitable
- **making quick progress towards the ultimate goal of a joint service** – it was relatively easy to develop a service level agreement, compared to setting up a full-blown joint service in the first instance
- **maintaining a local presence and local priorities** – each council maintains a local presence and can reflect its council's local priorities in its work.

Areas that need careful management include:

- two distinct cultures – the two services are based within their respective authorities, each with a head of service, a distinct work programme, and a different employer. This can limit the extent to which an officer from one service feels committed to the work of the other
- cost of liaison – between the two services.

On balance, the two services provide a better service within their budgets by working together. The authorities are taking the opportunity of a chief trading standards officer's post becoming vacant to consider future service delivery options.

Contact: Laurence Bell, Chief Trading Standards Officer, Rochdale Metropolitan Borough Council,
Tel 01706 864 105

London Boroughs of Brent & Harrow Trading Standards Service

Population: Brent – 255,000
Harrow – 215,000

Staff (joint service): 35

The consortium arrangement between Brent and Harrow was formed under Section 101(5) of the Local Government Act 1972. The arrangement ensures that fixed costs for the service are shared and therefore provides value for money, as well as being both efficient and effective.

All staff are employed by one lead authority, work from a single base and have one service director and management structure. A joint consortium committee, consisting of three elected members from each council, oversees the service, and a formal consortium agreement sets out the terms of the consortium agreement.

The benefits to both Brent and Harrow have been:

- **shared fixed costs** – the cost of accommodation, equipment, and materials, etc, for the joint service are shared between the two councils
- **sufficient numbers of staff** providing:
 - appropriate coverage of expertise for all the main areas of trading standards work
 - flexibility to provide staff cover during emergencies, vacancies, sick leave, etc
 - ability to carry out large projects and investigations using a wider sampling base
- **more effective planning, budgeting and monitoring of work** which ensures that the service meets the different needs and priorities of both councils, and both councils receive the services for the level of resources for which they have budgeted.

The service is based in one authority, leaving no physical base in the other. However, most contact with the public is by telephone and this has not become an issue.

Contact: John Taylor, Chief Trading Standards Officer, Brent and Harrow Trading Standards Service, Tel 020 8937 5555, www.tradingstandards.gov.uk/brent&harrow

West Yorkshire Joint Services

Population: Bradford, Calderdale, Kirklees, Leeds, Wakefield – over two million
Staff (all joint services): 195 plus contract staff

West Yorkshire Joint Services provides services for the five Metropolitan District Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield. The services were previously provided by the West Yorkshire Metropolitan County Council until it was abolished in 1986. The functions it provides are:

- archive service
- archaeology service (advisory service and technical services)
- grants to voluntary bodies
- trading standards
- scientific services – analytical, materials testing, and calibrations services.

Joint Services, as an organisation, has a single administration and runs under one Joint Services Committee, which comprises three elected members and the council leader from each of the five constituent councils.

The size of the organisation (trading standards alone employs about 40 full-time qualified TSOs and a large number of fixed-term contract staff) has major advantages over operating five separate smaller services:

- **economies of scale** – Joint Services spends less per head of population on trading standards than almost every other UK authority and yet provides comprehensive, high-quality services – the budgeted spend per head for 2002/03 is £1.29
- **major project work** can be undertaken by dedicated teams of officers without impacting on core responsibilities
- **services can be provided to large companies** – eg, information, training, compliance audits, which generate income and help to prevent contraventions of consumer and trade legislation
- **partnership and sponsorship** – trading standards can work together with large companies and business organisations on schemes (eg, proof of age scheme, motor trade partnership) that cover a large area.

Contact: Martin Wood, Chief Officer, West Yorkshire Joint Services, Tel 0113 253 0241, www.wyjs.org.uk

Appendices

Appendix 1: Large, medium and small trading standards services

The analysis of trading standards services throughout the report uses three groups of services – large, medium and small. The names of councils that fall into each group are given below.

Large: 18-58 staff (FTE)			
Council	Number of staff (FTE)	Additional services provided	
		Debt counselling	Animal health & welfare
Aberdeen City	18.1	✓	
Aberdeenshire	21.2		
Dumfries & Galloway	19		✓
Edinburgh, City of	31.5	✓	✓
Fife	50	✓	✓
Glasgow City	57.5	✓	
Highland	25.5	✓	
North Lanarkshire	38	✓	✓
South Ayrshire	21	✓	✓
South Lanarkshire	32.8		✓

Medium: 9-16 staff (FTE)			
Council	Number of staff (FTE)	Additional services provided	
		Debt counselling	Animal health & welfare
Angus	10		
Argyll & Bute	11	✓	
Dundee City	16		
East Ayrshire	14		✓
Inverclyde	12.5	✓	
Moray	9	✓	
North Ayrshire	13		✓
Perth & Kinross	11		✓
Renfrewshire	13		✓
Scottish Borders	12	✓	✓
West Dunbartonshire	14.5	✓	✓
West Lothian	10		✓

Small: <8 staff (FTE)			
Council	Number of staff (FTE)	Additional services provided	
		Debt counselling	Animal health & welfare
Clackmannanshire	3		
East Dunbartonshire	7.3		✓
East Lothian	6		✓
East Renfrewshire	5.6	✓	✓
Eilean Siar	2.5		
Falkirk	7		✓
Midlothian	4.5		
Orkney Islands	3.5		
Shetland Islands	4		
Stirling	7.6		

Source: Audit Scotland fieldwork 2001/02

Appendix 2: Project advisory group

Group members comprised professional and technical advisers drawn from a cross-section of local councils and other interested parties.

Members sat on the group in a personal capacity.

The primary role of the advisory group is to provide expert advice and comments on study scope and methodology, conducting the study, and study findings. The group does not act as a steering group as such, and the Accounts Commission retains responsibility for the content of its publications.

Members are listed in alphabetical order by surname.

Peter Adamson, Trading Standards Manager, Moray Council

Joy Anderton, Assistant Director, Department of Trade and Industry

Liane Bishop, Senior Policy Adviser, Department of Trade and Industry

Morag Brown (replacing Jacqui Welsh), Policy Manager, Scottish Consumer Council

Patrick Brown, Director, Scottish Retail Consortium

Bill Cassie, Chair SCOTSS and Head of Consumer Protection and Support Services, Aberdeenshire Council

Christine Covell, Bureau Manager, Citizens Advice Scotland

Neil Edwards, Head of Trading Standards, Fife Council

John Milne, Depute Chief Executive, Perth and Kinross Council

Norrie Steed, Assistant Director of Consumer Protection, Aberdeen City Council

David Thomson, Trading Standards Manager, South Ayrshire Council

Jane Todd, Scottish Policy Development Officer, Federation of Small Businesses

Ian Wilson, Head of Consumer and Trading Standards, Glasgow City Council

Tom Young, COSLA and LACORS Policy Officer

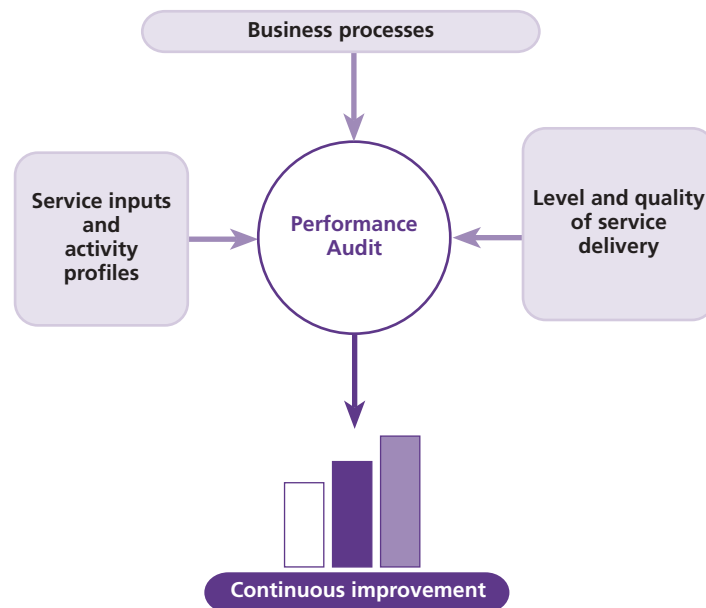
Appendix 3: Project methodology

This review piloted²² a new assessment model for performance audit (Exhibit 22). The model was designed for smaller services without government inspectorates, which might not otherwise be the subject of a detailed value-for-money study. The model:

- collates existing performance information to analyse **service inputs** and develop **activity profiles**
- draws on the framework used by Audit Scotland in its Performance Management and Planning audits²³ to assess **business processes**
- uses service standards, developed and tailored to specific services, and available output measures to assess the **level and quality of service delivery**
- supports **continuous improvement** in performance.

Exhibit 22: The pilot model used to assess the performance of trading standards services

The model supports continuous improvement by reviewing inputs, processes and outputs.



Source: Audit Scotland

²² The pilot exercise is being evaluated and the results will be made available separately following publication of this report.

²³ Performance Management and Planning Audit Framework, 2000/01, Audit Scotland.

The Society of Chief Officers of Trading Standards in Scotland (SCOTSS) agreed to support the pilot exercise, to assist the profession in meeting the new expectations of the evolving National Performance Framework (NPF) and of Best Value legislation.

The approach and methodology, which contains a number of innovative concepts, was developed in consultation with the project advisory group (Appendix 1). Close liaison was maintained with the DTI to ensure that the work undertaken in this review aligned with the NPF. It involved:

- **establishing a multi-disciplinary project team** to undertake the work, comprising two staff from Audit Scotland and two trading standards officers – one from Glasgow City Council and the other from South Ayrshire Council
- supporting trading standards services in assessing their performance with the help of a **detailed self-assessment guide** and through joint workshops for councils' officers and auditors
- **developing service activity profiles** using the annual DTI section 70 returns made by councils. This information was provided to all Scottish councils using interactive (COMPARE) software, to facilitate the use of benchmarking data as part of their performance review processes and to allow them to identify and ask questions about variations in their activities and performance
- **tailoring the Accounts Commission's Performance Management and Planning (PMP) audit material** to trading standards services. Exhibit 23 shows the ten PMP criteria used

Exhibit 23: Review of trading standards services' business processes

The review used the ten PMP criteria for a Best Value service.

Criteria	Criteria statement
Leadership for a Best Value approach	Clear leadership for a Best Value approach is provided by elected Members, the Service Head and the Senior Management Team
Understanding and responding to stakeholders	We understand and respond to the needs, expectations and priorities of our stakeholders
Best Value reviews	We carry out effective Best Value reviews
Service planning	We have detailed and realistic service plans
People management	We make best use of our people
Asset management	We make best use of our assets
Financial management	We have sound financial management and effective internal controls
Continuous improvement	We actively support continuous improvement
Performance monitoring and control	We monitor and control our overall performance
Public performance reporting	We have an effective approach to public performance reporting

Source: Audit Scotland

- working with trading standards professionals in Scotland, England and Wales **to develop national standards for core trading standards service activities**. Service standards guides were developed to assess the quality and level of service against three levels of performance – minimum, good, and better practice standards.

The minimum standard reflects the level of service that professionals agree should be being provided by all councils. Good and better practice standards are already being achieved and represent targets to which improving services should be aspiring and working towards.

For this review, Scottish councils agreed to pilot the use of seven service standards guides:

- Animal health and welfare
- Business services, advice and information
- Investigation of offences
- Programmed inspections
- Consumer advice
- Debt counselling
- Consumer education and information

- **incorporating peer review** of councils' self-assessments. This involved each council's external auditor working with a trading standards officer from another council to independently review and validate the results.

The results from this review present a position statement on the performance of trading standards services in Scotland as at spring 2002.

Further details of the methodology and how performance was scored are available from Cathy MacGregor, Performance Audit, Audit Scotland.

Definition of terms

This report uses the following terms to indicate the number of councils and trading standards services concerned:

Term	Number of councils/trading standards services
'almost all'	30 or more
'most'	24-29
'majority'	17-23
'half'	16
'less than half'	5-15
'few'	less than 5

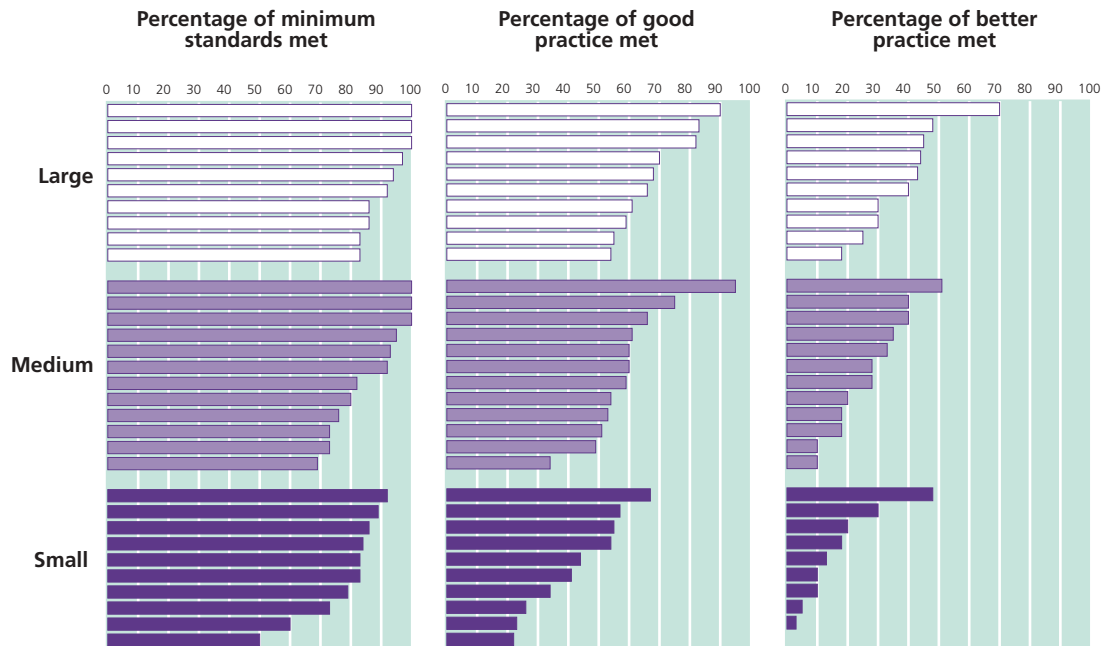
Appendix 4: Service performance – percentage of service standards met by trading standards services

The following graphs show the percentage of service standards achieved by large, medium and small trading standards services, for all seven activities covered by the review.

Service area: Animal health and welfare (17 councils)



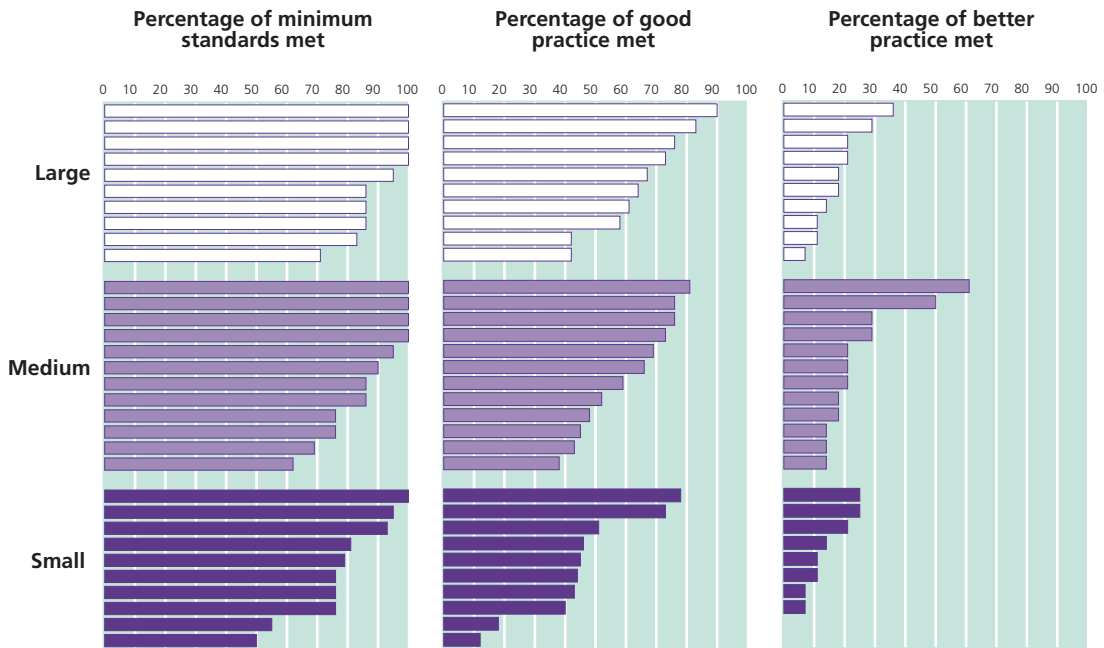
Service area: Business services, advice and education (32 councils)



Service area: Investigation of offences (32 councils)



Service area: Programmed inspections (32 councils)



Service area: Consumer advice (32 councils)



Service area: Debt counselling (13 councils)



Appendix 5: Service performance – areas where more than a third of councils need to improve their business processes

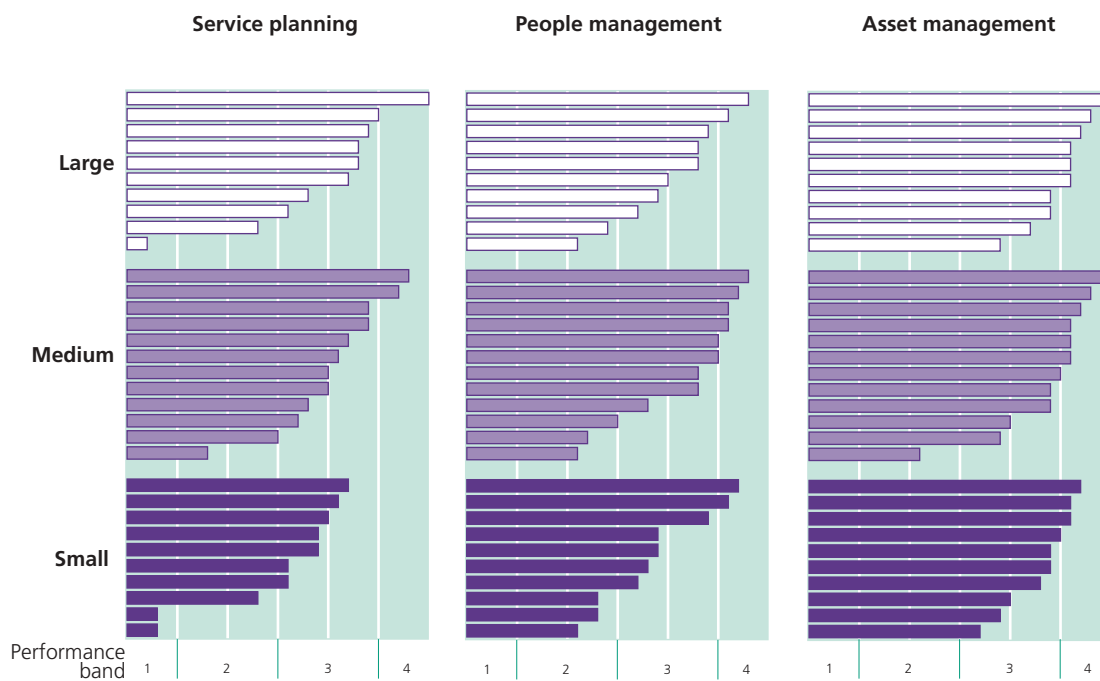
Criteria	Specific improvement actions needed
<i>Leadership for a Best Value approach</i>	
For a service to deliver Best Value, it needs clear leadership from the Head of Service and senior management. They should provide explicit direction and support for all the key aspects of Best Value – meeting customer needs, providing value for money, public accountability, continuous improvement and promoting equalities.	<ul style="list-style-type: none"> • Having a clear long-term vision for the service which reflects the principles of Best Value • Systematically ensuring that Best Value principles are integrated into everyday practices across the service, including – meeting customer needs, providing value for money, public accountability, continuous improvement and promoting equalities • Consulting all types of stakeholders about the priorities for the service and service standards, without excluding particular groups • Clear leadership from the management team, including reviewing the team's effectiveness • Involving staff in formulating the service's approach to Best Value • Having relevant elected members actively involved in formulating, promoting and supporting the service's approach to Best Value
<i>Understanding and responding to stakeholders</i>	
Trading standards services should be responsive to the needs of the local area by involving stakeholders in helping to shape policies and identify service priorities and improvements that could be made. A range of approaches can be used to consult with stakeholders, depending on the objectives, including user surveys, postal questionnaires, focus groups, citizens' juries, community forums and customer panels. For small services that have limited flexibility of resources, it is especially important to prioritise. Stakeholder consultation should inform decisions on prioritisation and resource allocation.	<ul style="list-style-type: none"> • Setting clear objectives for consulting stakeholders • Taking into account equalities issues in the way consultation is carried out • Having consultation with stakeholders built into the service planning cycle • Consulting businesses and consumers on their future needs and priorities for the service, and using their views to influence service planning • Regularly gathering information on business's and consumers' satisfaction with the service, and using this to improve service quality • Gathering information and ideas from stakeholders who have no direct contact with the service on how services can be improved, and using their views to improve the service • Co-ordinating consultation exercises and sharing information (as appropriate) within the service/council/other bodies • Translating consultation results into actions for improving the service
<i>Best Value reviews</i>	
The Best Value Task Force guidance ²³ required councils to subject all their activities to Best Value reviews, with the expectation that services should provide the best cost/quality balance while supporting the council's priorities.	<ul style="list-style-type: none"> • Prioritising Best Value reviews with particular emphasis on areas where performance or customer satisfaction is poor • Including Best Value reviews in the service plan
<i>Service planning</i>	
The service plan provides a framework for all activities carried out by the service. It should set out clearly what the service intends to do and why, what it aims to achieve, performance standards and targets to be met and the resources involved. Every planned activity should be realistically resourced. Prioritisation and allocation of resources to activities should be made on the basis of robust risk assessment, taking into account what might happen if this activity was not done or was not adequately resourced.	<ul style="list-style-type: none"> • Ensuring that stakeholders' views are taken into account in formulating the service plan • Prioritising and allocating staffing and other resources on the basis of robust risk assessment • Setting out clearly in the service plan what the service aims to achieve (in SMART terms), translating commitments in the plan into clear actions for staff and ensuring that all staff know what this means for them • Matching commitments in the plan with financial and other resources • Keeping relevant elected members informed of progress against the plan and of the need for any revisions • Systematically identifying future needs and building these into the service plan, showing how demand is expected to change and how the service will respond

²³ 'Best Value in Local Government: Long-Term Arrangements', final report of the Best Value Task Force, 1999.

Criteria	Specific improvement actions needed
	<ul style="list-style-type: none"> • Demonstrating in the plan how the service is working with other authorities and partner organisations to provide joined-up services that meet customer and community needs • Setting out in the plan how the service intends to ensure continuous improvement • Showing in the service plan that equalities issues have been taken into account in the way services are being planned, marketed, delivered and evaluated
<i>People management</i>	
Staffing should be matched to the strategic and operational objectives of the service in terms of numbers, skills and deployment. Staff should be managed to achieve their best performance and to feel valued for their contribution.	<ul style="list-style-type: none"> • Specifically analysing staffing needs in relation to what is required to deliver the commitments in the service plan, and taking timely action to close any gaps identified • Translating service objectives into actions for individual staff and providing regular feedback to staff on their performance in relation to expectations • Regular assessment of staff morale, satisfaction and motivation, and taking action to improve it, if necessary
<i>Support for continuous improvement</i>	
A service needs performance information and the use of targets to help it improve year-on-year. It needs to identify and review its key processes and staff skills and have a structured approach to learning from other organisations.	<ul style="list-style-type: none"> • Identifying and reviewing the key processes that enable delivery of customer-centred value-for-money services, including learning from own experience and from other organisations • Benchmarking with and learning from other organisations that are known to demonstrate good practice and adopting practices learned • Having an approach to learning from other organisations that includes comparing how things are done operationally, actual performance and overall strategies • Using feedback from businesses and consumers to improve services • Working with partner organisations and suppliers to achieve continuous improvement
<i>Performance monitoring and control</i>	
A service needs to collect and review a range of performance measures to monitor all-important aspects of its performance.	<ul style="list-style-type: none"> • Using a range of indicators to cover all aspects of performance, including equalities issues • Keeping elected members informed of the service's performance
<i>Public performance reporting</i>	
<p>Public performance reporting is a key element in promoting accountability. Trading standards services should be informing consumers, businesses and other stakeholders, using the most appropriate range of media:</p> <ul style="list-style-type: none"> • what services are available and how to access them • how well they are performing in meeting user and community needs, and achieving value for money and continuous improvement. <p>They should be identifying all their key stakeholders, finding the best way to communicate with them, and giving them information not only about the services provided, but also about their performance against clear objectives and targets.</p>	<ul style="list-style-type: none"> • Identifying all key stakeholders for public performance reporting • Providing both consumers and business users with information on what they can expect from the service, including service standards and targets • Identifying and using the best means of communicating the service's performance to stakeholders • Addressing equality issues in providing information about service activities • Providing information to the public that shows how well the service is: <ul style="list-style-type: none"> – meeting its key objectives (as set out in relevant strategy/ service plans) – meeting user and community needs – achieving cost control, efficiency savings and value for money – pursuing continuous improvement • Setting targets for performance and improvement and making these public where relevant • Reporting back on whether previous targets for performance and improvement have been met • Reporting back on what the service has learnt from consultation exercises and how it will use those findings • Reporting the key results and impact of Best Value reviews and other continuous improvement work (including PMP, EFQM, etc)

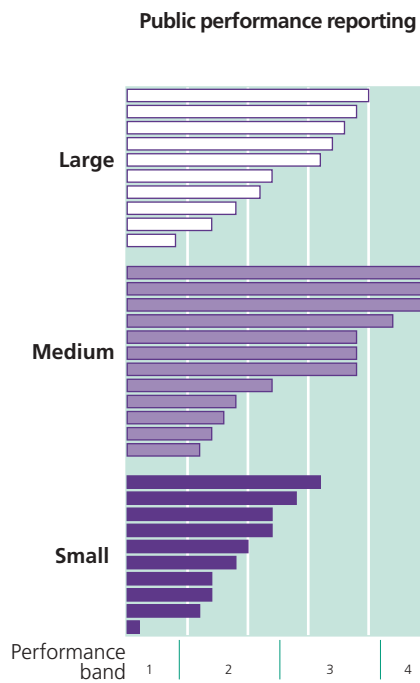
Source: Audit Scotland fieldwork 2001/02

Appendix 6: Service performance – councils' performance against the ten management criteria for a Best Value service



Performance bands

- 1 Major improvements required
- 2 Significant improvements required
- 3 Minor improvements required
- 4 Good performance



Performance bands

- 1 Major improvements required
- 2 Significant improvements required
- 3 Minor improvements required
- 4 Good performance



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