
PROPOSALS FOR AN 'APPROVED TRADER SCHEME' IN ARGYLL AND BUTE

1.0 EXECUTIVE SUMMARY**1.1 Purpose**

The Audit Scotland report 'Protecting Consumers' identified significant threats to the delivery of trading standards and to a lesser extent food safety, in Scotland, and made a number of recommendations for action. These form the basis of our Council's Protecting Consumers Action Plan which includes a range of national and local priorities.

One suggested area for development was an 'approved trader scheme' to recognise good businesses operating with good consumer protection standards, and provide a means by which the consumer can make an informed choice as to who they trade with. Such schemes can also be useful as part of a range of different measures to target rogue traders, and protecting vulnerable consumers.

- 1.2** In the absence of a national 'approved trader scheme', an options appraisal of various 'approved trader' schemes has been considered and evaluated. It is recommended that Argyll and Bute Council join the 'Buy With Confidence scheme'. Initial indications are that there is general support for a scheme by the local businesses who have been engaged in the option appraisal.

1.3 Financial Implications

1.3.1 There will be initial "start-up costs" to the Council in implementing the scheme, but the design is for it to be self-financing and we will utilise an established website, which will be customised to Argyll and Bute Council requirements. Membership fees are to be set at levels that businesses believe to be attractive, and will cover the local authorities' annual membership fees.

1.3.2 Operational resources required for vetting applications will be borne by the Council's existing Trading Standards budgets and we have projected initial start-up costs to be £2,000, which will include promotion of the scheme to businesses and the consumer.

1.4 Recommendations

Members are asked to:-

- (i) Determine whether or not they wish to support the introduction of an 'approved trader scheme' in Argyll and Bute.
- (ii) Support the recommendation that the Council adopts the 'Buy With Confidence' scheme as opposed to the Construction Licensing Executive (CLE) scheme, as the former affords the opportunity for the Council to vet businesses, together with the recommendations in 5.4

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2.0 INTRODUCTION

- 2.1** On 17th April 2013, Members agreed the Councils Protecting Consumers Action Plan, which addressed the Audit Scotland report. Included in the Action Plan was the requirement to consider an 'approved trader scheme' for Argyll and Bute Council.
- 2.2** The purpose of an 'approved trader scheme' is to recognise and promote reputable and responsible businesses, assist consumers in making an informed choice when selecting a business, and to support our existing strategies to combat rogue traders. The principles meet the Single Outcome Agreement which seeks to promote a sustainable economy, and also to protect the vulnerable in our communities.
- 2.3** The scheme would be voluntary, and at this time, there is no indication from Trading Standards Scotland or the Scottish Government, that there is to be a national scheme. There is currently a mixed picture in Scotland, with one authority having their own approved trader scheme; four using 'Buy With Confidence'; three using 'Trusted Trader'; one using the Construction Licensing Executive scheme (CLE) and one recommending the CLE. Other local authorities are currently evaluating the options.
- 2.4** Our options appraisal identified that businesses in the construction sector would welcome an 'approved trader scheme' providing the costs were set at a reasonable level and that the scheme was suitably promoted. They also recognised the benefits that such a scheme could bring in terms of increasing business and supporting the consumer.

3.0 RECOMMENDATIONS

- 3.1** Members are asked to:-
- (a) Determine whether or not they wish to support the introduction of an 'approved trader scheme' in Argyll and Bute.
 - (b) Support the recommendation that the Council adopts the 'Buy With Confidence' scheme as opposed to the Construction Licensing Executive (CLE) scheme, as the former affords the opportunity for the Council to vet businesses, together with the recommendations in 5.4

4.0 DETAIL

- 4.1** Many businesses provide quality services which meet consumer needs in terms of workmanship, consumer rights and reliability. Others do not, and in some cases, they provide little recourse for the customer where they are dissatisfied at the work undertaken, or the costs are in excess to the figure originally agreed.

Trading Standards continue to receive such complaints and are frequently called upon to deal with problems resulting from rogue traders operating within Argyll and Bute. To combat such practices, we work with other parties, including police, other local authorities and Trading Standards Scotland.

An example of poor business practice with resultant significant detriment to an Argyll and Bute resident is as follows:

"We were recently contacted by an elderly woman. The woman and her husband had been 'cold called' by unknown men offering to re-lay her driveway. The cost would be £800 and work would be covered by a 25 year guarantee.

When the work was 'completed' the price had been inflated to over £1,000.

The consumer paid the fee in cash and asked for the guarantee certificate.

The 'owner' of the business advised that his handshake was good enough, there was no certificate.

On closer examination, the work was of poor quality, incomplete and not as agreed.

The consumer was financially out of pocket, had not been advised of her cancellation entitlements, had been intimidated through the conduct of the workmen and did not know who she had contracted with in order to attempt to obtain redress.

In addition, she felt she had been foolish and found it very hard to deal with what she felt was her mistake, when in fact she had been a victim of criminal activity.

The episode had a negative impact on the consumer's mental as well as financial wellbeing"

- 4.2** An approved trader scheme is intended to provide the consumer with assurances that the trading practices of a business meet consumer protection requirements, and that there are appropriate safeguards in place to protect them. It also recognises good business and provides a means, depending on the scheme, for trading standards to vet the business, and remove them from the scheme, where serious non-compliances with the scheme's aims are established.

- 4.3** In assessing the options relating to a scheme, we engaged with the following stakeholders:

- (a) Local authorities, who already operated schemes, advised of the benefits of promoting and recognising good business practice, adding that a formal scheme helps consumers make an informed choice and affords proper protection, and through raising awareness of the scheme, can reduce opportunities for rogue traders operating in the area.
- (b) Consumers believe that the scheme will signpost them to businesses where they can be assured that their rights are protected in the event that they need them. Ultimately, the choice on who to select, is a matter for the consumer, and the existence of an approved trader scheme will be 'weighed up' against other factors, including the cost for the works; timescale; reputation and recommendations (word of mouth) from others.
- (c) Businesses - We targeted the construction sector and the survey identified that 85% saw the benefits in joining a scheme, and the level of interest reduced depending on cost (ie £100 = 64%, £100-£200 = 17% and £200 + = 7%)

4.4 Option Appraisal

We considered a range of options for the scheme, which included the existing schemes in place (see 2.3), or the development of our own scheme. This allowed us to therefore focus on two options – the 'Buy With Confidence' scheme or the CLE Scheme. A brief explanation of the schemes are as follows:

4.4.1 Buy With Confidence

The BWC scheme was developed by a Trading Standards authority in 1999 and has been adopted by other local authorities since. The scheme provides consumers with a list of local businesses which have given their commitment to trading fairly. Every business listed has undergone a series of detailed checks (by local Trading Standards staff) before being approved as a member of the scheme. Members are also required to undergo Disclosure Scotland checks. The scheme is able to accommodate any trade or profession type, ranging from builders and roofers to cleaning companies and accountants.

4.4.2 CLE

The CLE is an umbrella body for five trade organisations within the construction sector. The members are already embedded in trade association (e.g. SNIPEF for plumbers, SBF for builders) and are subject to vetting, codes of practice and complaints procedures. Its stated objective is to raise the standard of workmanship within the construction sector thus providing consumers with trades people that they can rely upon and trust. Scheme members are not required to undergo Disclosure checks.

4.5 Our detailed assessments identified the Buy with Confidence scheme as our preferred option and the full appraisal is detailed in appendix 1. The main reasons for identifying this were:

- (i) The scheme provides a means to vet companies, and for the Council to remove poor businesses from the voluntary scheme.
- (ii) It is the most widely used scheme in both Scotland and across the whole UK, and there are materials available for use in planning for, and implementing the scheme.
- (iii) It offers consumers a greater level of protection than the CLE scheme, especially with regard to the Disclosure Scotland vetting
- (iv) CLE only covers 5 trades within the construction sector – Buy With Confidence can accommodate any trade or profession
- (v) Member traders in other authorities have been extremely positive about the costs & benefits of being a scheme member. One trader in South Lanarkshire reported an increase in business of £30,000 in one year and attributed this increase to scheme membership.

4.6 We intend to set fees for joining the proposed scheme at £95 per year to reflect feedback from our business surveys. We currently have 6 businesses who have indicated their willingness to join the scheme, with a further 3 considering the matter. The level of uptake may appear low, but following discussions with other local authority who have introduced schemes, this compares well with others (e.g. South Lanarkshire had 12 members at start-up, increasing to 37 after 3 years).

4.7 Should the scheme be approved, we plan a phased implementation, targeting the construction sector initially in year 1, and thereafter, to extend it depending on membership and resources.

The financial implications of such a scheme are as follows:

	Initial Costs	Recurring
Business	£95 application fee plus £25 for disclosure of each staff member	Renewal fee of £30 annually (note 1)
Local Authority	Membership fee £480.00 Initial start-up costs £2000	Promoting and extending the scheme £500

Notes

1. This excludes the cost for business where they have new employees who will need to have disclosure (£25 per employee)
2. Our operational costs in vetting applicants and responding to any complaints are excluded, as these will be borne by the existing trading standards resources. It is anticipated that the vetting process will take 3 hours per business.

4.8 The other alternatives are for Members

- (i) not to introduce a scheme, and to await a national scheme (which may never be introduced!), or
- (ii) To promote the CLE scheme. This passes responsibility to the trade associations (e.g. SELECT- electrical engineers etc.) and relies on self-regulation.

5.0 CONCLUSIONS

- 5.1** The introduction of an approved trader scheme protects consumers and supports reputable businesses. The proposed scheme will also support the Council's Single Outcome Agreement.
- 5.2** If the 'Buy with Confidence' scheme is approved, the Council will be able to assess and vet applications to join the voluntary scheme. It does not guarantee the quality of work, but merely endorses that the business comply with consumer protection legislation. Businesses will be allowed to promote their services on this basis only, and must continue to comply with legislation to remain members.
- 5.3** The decisions for Members in considering this paper are:
 - (i) Do you believe it is necessary to implement a scheme in Argyll and Bute, or do you wish to wait for a national scheme which may be introduced at some future date?
 - (ii) If you support a scheme, do you want to implement a tried and tested scheme, which has back-office support, is reasonably priced and provides the Council with the ability to intervene and influence membership, OR do you want a scheme which is low cost, self-regulating and one which the Council signposts to (i.e. Construction Licensing Executive)
- 5.4** My recommendation is that the Council, in protecting consumers and promoting a healthy business environment, should adopt the 'Buy with Confidence' scheme, to be implemented on a phased approach, targeted initially at the construction sector, with an annual review.

6.0 IMPLICATIONS

6.1	Policy	The Council would endorse a scheme and vet the consumer protection arrangements of volunteer businesses. The scheme will recognise businesses with appropriate standards in place to protect consumers.
6.2	Financial	There will be ongoing costs at £2,000 in year 1 and recurring costs of £500, which will be offset by income from businesses wishing to join the scheme. This will be borne by the existing trading standards budget.
6.3	Legal	The Council would vet businesses using existing legislative powers, and will not endorse individual businesses.
6.4	HR	None.
6.5	Equalities	The scheme is restricted to specific sectors initially but we will extend following the review period.
6.6	Risk	<p>The risks to the Council are:</p> <ul style="list-style-type: none"> (i) That there is no uptake on the scheme. We have tried to engage with businesses and understand that there is significant interest. (ii) That we implement a scheme, which is superseded by a national scheme in the future. We cannot control this, but we may be able to influence any subsequent decisions.
6.7	Customer Service	This would help in developing the 'informed consumer' and promote reputable businesses.

Executive Director of Development & Infrastructure Services
Policy Lead Councillor Kinniburgh
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APPENDICES

Appendix 1 – Options Appraisal of Schemes

Appendix 1 Option Appraisal

	CLE (Construction Licensing Executive)	Buying With Confidence
Provide residents with confidence to select a vetted business		✓
Method for legitimate business to promote itself	✓ (Trade association required)	✓
Support local economy	✓	✓
Helps remove rogue traders	✓	✓
Cost <£100 / year		Set by Council
Vetted scheme		1 Applicants vetted, inc. criminal checks Trading Standards auditing
Ongoing annual costs		Set by Council
Resources required from Council – Publicity	✓	✓
Resource implications to Trading Standards	None. Would be signposting to CLE site.	Implications to audit businesses applying to be in scheme (3 – 4 hours each)
Ongoing costs	None	1. Attracting new business 2. Intervention in disputes 3. Marketing
Intervention/ Enforcement	Trade Association	1 Trading Standards can mediate in disputes. 2 Potential to revoke membership of scheme if the traders conduct is deemed unacceptable
Disadvantages of scheme	1 Scheme dependent upon trade associations 2 No input from Council 3 Primarily a scheme we cannot influence or control 4 The scheme is aimed at 5 specific trade areas and therefore lacks potential for expansion	1. Resource allocates to Trading Standards
Benefits of scheme	1 Would meet outcomes and Council would have scheme in place with low maintenance input for Council	1 Implements a scheme where we can influence, enforce, standards 2 Tried and tested scheme 3 Flexibility. The scheme is able to embrace most trade areas and is such has the potential for growth in future years. 4 Potential influence on Government thinking (if a national scheme is adopted, there will be pressure to adopt the most popular scheme already in place)

Risks of scheme	<ol style="list-style-type: none"> 1 Many businesses are not members of trade associations due to high cost 2 National scheme may be introduced in next 5 years 	<ol style="list-style-type: none"> 1. May not get uptake from business Resource impact to Trading Standards 2. National scheme may be introduced in next 5 years
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