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**Update on the Report of the Working Group On
Consumer and Competition Policy For Scotland**

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Purpose of the report

The Background

1. The Smith Commission in Scotland recommended that consumer advice and advocacy powers be devolved to the Scottish Parliament, as well as the ability for Scottish Ministers to act with the Secretary of State to request the Competition Markets Authority to carry out a second stage market investigation.
2. Scottish Minister's had previously established a short term Working Group with a specific remit of providing recommendations on how these powers could be put to best effect and what improvements could be made to the consumer protection and competition landscape in Scotland.
3. The Working Group structured its discussions around the four pillars of consumer protection – advocacy, advice (including education and information), enforcement and redress - and competition. The report sets out recommendations to the Scottish Government.

Consumer Scotland

4. The primary recommendation made by the Working Group is that the Scottish Government should create a statutory, unified consumer body - Consumer Scotland and develop a consumer policy that empowers as well as protects consumers. Scottish Government should determine what new legislation and powers will be required for Consumer Scotland to gather and share robust information across the four pillars from a range of sources, set out clear lines of accountability to the Scottish Parliament and consider creating a dedicated Consumer Minister.
5. Consumer Scotland will need governance and oversight arrangements that demonstrate its independence. At its heart should be a synoptic approach to consumer and competition policy allowing cross-cutting policy engagement, ensuring that the voice of the consumer is heard at local, national (Scotland and UK) and European levels. Consumer Scotland should develop a coherent consumer strategy that empowers and informs as well as protects consumers and simplifies the landscape to make it easy for consumers of all demographics to access help when they need it.

6. Consumer Scotland will also require the rights to be consulted by economic regulators; rights to refer failing markets to regulators, rights of appeal against high impact regulatory decisions, powers to initiate super-complaints and resources to sponsor and support collective actions for competition law redress.
7. Consumer Scotland should work with businesses to help build effective and fairer relationships with their customers and develop effective interfaces with existing competition regimes throughout the UK all to ensure a fairer deal for Scottish consumers, making sure their voices are heard across regulated and unregulated markets.

Recommendations – Trading Standards

- To strengthen protection for consumers there is agreement that more collaborative working at both national and local level is needed.
- A range of policy and resourcing issues need to be taken into account when determining the optimum number of trading standard teams that would be ideal.
- There needs to be an agreed vision of Trading Standards
- Consumer Scotland should be responsible for setting national priorities and agreeing an annual operating plan.
- Trading Standards already target resources to the highest risk areas, but the development of service standards by Consumer Scotland could improve the effectiveness of this approach and allow it to be codified, if necessary.
- Recognition also needs to be given to market surveillance duties given to local authorities and delivered through their Trading Standards service. Consumer Scotland should develop a strategic approach and will need appropriate levers to facilitate change.
- Funding of Consumer Scotland must ensure it can deliver its objectives and should include enough flexibility to accommodate additional activities in the future.
- Individual Trading Standards services need to be accountable nationally but arrangements to secure accountability for local priorities would need to be put in place. Consumer Scotland's operating plan must strike a balance between national and local priorities. Trading Standards should report to Consumer Scotland on the delivery of their plan.
- Consumer Scotland requires suitable powers to deal with a situation where a local delivery is not performing in a satisfactory manner.
- The creation of the Crime Campus, which brings together representatives of various intelligence gathering agencies, has improved co-ordination at both a strategic and an operational level and could be further developed.
- Community Planning Partnerships could offer scope for Trading Standards services to link to other service providers.
- Consumer Scotland could use its position to tackle specific issues that are currently not addressed centrally. For example, it could ensure that Trading Standards service have adequate IT systems and officer competency in place to undertake ecommerce investigations.
- It could also develop a Trading Standards workforce strategy which would tackle the issue of succession planning in what is an ageing profession while offering more training opportunities and career development by moving between the four pillars.

- A national data strategy will be required to ensure IT systems can speak to each other and sets of codes are compatible. Systems also need to be robust so that crime agencies have enough confidence in Consumer Scotland to share data with it.
- The current national teams (illegal money lending and Scambusters) based in Trading Standards Scotland (TSS) within COSLA should be located in one Trading Standards local delivery structure whilst still ensuring that there is a specialist resource able to work across the whole of the country tackling the more serious and cross border criminality.
- The elements of TSS which looks at strategic intelligence and national priorities should be placed in Consumer Scotland. Consumer Scotland should, with input from other stakeholders, ensure the strategic tasking of Trading Standards service, but operational tasking and investigative work should be left to the local management.
- Community based hubs could provide a simplified approach to delivering advice (including education and information) and other consumer services. There is no practical requirement for Trading Standards service to be co-located with them, but there is a need for good lines of communication between all four pillars, which can be facilitated by Consumer Scotland.

Response from Scottish Government to the Report

8. Deputy First Minister, John Swinney welcomed the report.

He said “new powers will allow us to create a more integrated consumer protection region that gets Scottish consumers a fairer deal, taking into account the extra challenges or costs that rural and island areas can face in accessing goods or services. I am clear that any new consumer body must be high quality, efficient and accessible, so I welcome this comprehensive report that considers how to implement a new and innovative approach. We will study the report carefully and provide the Scottish Government’s full response in the New Year”

Recommendation

9. The Committee is asked to note the information as contained within the report.