

**REPORT TO: ENVIRONMENTAL & CONSUMER PROTECTION COMMITTEE
21 APRIL 2003**

**REPORT ON: THE SECOND YEAR OF OPERATION OF THE SCOTTISH MOTOR
VEHICLE TESTING UNIT**

REPORT BY: PRINCIPAL TRADING STANDARDS OFFICER

REPORT NO: 288-2003

1.0 PURPOSE OF REPORT

- 1.1 To submit the annual report on the operation of the Scottish Motor Vehicle Testing Unit, operated by Dundee City Council as lead authority, for the year to 31 January 2003.

2.0 RECOMMENDATIONS

- 2.1 The document appended to this report should be noted as the annual report 2002/2003 of the Scottish Motor Vehicle Testing Unit.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The running costs of this Unit are met from contributions from partner authorities and Department of Trade and Industry (DTI) match funding. Partner authorities also provide professional officer support. Dundee City Council provide management and administrative support as well as property as a base for the project. Costs associated with this are met from existing Environmental and Consumer Protection revenue budgets.

4.0 DUNDEE 21 IMPLICATIONS

- 4.1 There are no Dundee 21 implications to this report.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no Equal Opportunity Implications to this Report

6.0 BACKGROUND

- 6.1 With reference to Article IV of this Committee of 18th June 2001, Dundee City Council Trading Standards Service, in partnership with eleven other Scottish local authorities, made a successful bid in April 2000, to the DTI for grant funding to set up a Unit to improve standards of consumer protection in the used car sales and servicing sectors. The DTI have provided £110,000 of match funding in total, £75,000 in year one and £35,000 in the year covered by this report. This report summarises the second year of operation of the Unit, and will be submitted to the DTI, and the other local authority partners as outlined in the Minute of Agreement.

7.0 CONSULTATIONS

- 7.1 Chief Executive
Directors of Finance
Director of Support Services

8.0 BACKGROUND PAPERS

- 8.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, were relied on to any material extent in preparing the above report.

Principal Trading Standards Officer

Date:



Dundee City Council

Environmental and Consumer Protection Department

Trading Standards Service

Report on the operation of the Scottish Motor Vehicle Testing Unit

for the year ended 31 January 2003



Report No 288-2003

The Scottish Motor Vehicle Testing Unit (SMVTU) is a cross-border project led by Dundee City Council on behalf of twelve Scottish local authorities, and was created to make an impact on the problems associated with the motor vehicle sales and servicing sector. Despite efforts across the country by local and central government in this sector, consumer complaints about car servicing or repair indicates that this remains a major area of consumer dissatisfaction and detriment.

Headline results:

- 🚗 **Increased high profile** trade presence with 318 garage forecourts visited and 730 motor vehicles inspected for safety defects.
- 🚗 Improvement in some areas with 199 prohibition notices and 37 suspension notices issued, a reduction on vehicle defects found on forecourts from last year, however still unacceptably high with **defects found in one in four** cars inspected.
- 🚗 38 vehicles serviced and 64 vehicles Mot'd with problems found in 27% of vehicle submissions – **down from 47%** last year
- 🚗 **2 successful prosecutions** for the supply of unroadworthy vehicles and other offences
- 🚗 **National survey** of car servicing on behalf of DTI



The Unit was set up originally with match funding from the Department of Trade and Industry to help local authority trading standards services with collaborative and cross border projects., especially in areas where individual authorities would not have sufficient resources nor expertise.

The Unit is staffed with a driver/administrator, has a small fleet of vehicles for mystery shopping purposes,

and is supported by Vehicle Inspectorate and local authority officers when operational. The partnership arrangement with the Vehicle Inspectorate is a particularly important complement to our own, bringing technical expertise and wide knowledge and intelligence on the motor vehicle sector.

The main project aims were to:

- 🚗 Achieve a level of consumer protection within the motor vehicle sector which reflected the high level of consumer detriment, complaints and disputes
- 🚗 To achieve a reputation for expertise and impartiality in the provision of an effective vehicle inspection service to local authorities
- 🚗 To raise the national profile of trading standards services and how they co-operate with each other and external agencies

The Unit has been successful in all these aims, and can report some improvement in standards found across the partner authority areas, with problems found with vehicles submitted for servicing and MoT's down significantly. Much of this improvement is down to awareness and publicity, as well as enforcement, and I was pleased to be able to take part in the major report on car servicing and repairs commissioned by the DTI last year. The SMVTU carried out all vehicle testing in Scotland for this research.

Unfortunately this year marks the end of any financial support from the Department of Trade and Industry. Although the partner authorities have agreed to continue to support the Unit in its work throughout Scotland, it is disappointing that central government support for such a successful project has been withdrawn.

Operational activities

The operations during the year have centred around four main activities:

- ✓ Forecourt safety checks
- ✓ Mot and vehicle servicing
- ✓ Other vehicle checks
- ✓ Mystery shopping research

Forecourt Safety Checks

This remains a key activity for the Unit, checking and promoting the safety of vehicles, which are on display on garage forecourts ready for supply.

A consistent approach is taken across different local authority areas using the Vehicle Inspectorate 'Categorisation of Defects' manual.

The results of this work is summarised in table 2, but briefly around 25-30% of vehicles



actually inspected by the team have been found to have some sort of safety defect. This is a slight reduction from problems found last year, and in fact several authorities have reported an improvement in standards, on revisits to garage premises. However this remains a problem area with 199 prohibition notices issued by Vehicle Examiners, in other words a ban on the

vehicles use on a public road until repairs have been made. Some of the defects found have been excessive corrosion, worn or inoperable seatbelts, illegal tyres, and braking system faults.

In addition thirty-seven suspension notices were issued by Trading Standards staff under the Consumer Protection Act 1987 to prevent the supply of unsafe goods. A significant reduction from the seventy issued last year.

Although enforcement action is taken where faults are serious, officers are also able to give general advice to the traders on the best way to comply with legislation, and a business friendly approach is taken wherever possible. In all authorities where the Unit operates, genuine traders have been very supportive of the initiative.

MoTs and motor vehicle servicing

Another major area of operation is the checking of standards of vehicle servicing and MoT testing, and this latter issue is a key role for our Vehicle Inspectorate partners. A small fleet of up to six vehicles is maintained and used for mystery shopping exercises into garages and fast fit centres. All sizes of operator are checked, from the small one-man business to national chains and franchised dealerships. Pool vehicles are regularly bought and sold, and de-serviced, to maintain a fleet, which cannot easily be spotted by a trader as recently serviced or MoT'd.

This has proven to be very cost effective, with 22 different vehicles being used throughout the year and a total capital loss over the period of only £134. Since the start of the project over 50 vehicles have been 'recycled' in this way with an average loss of under 2% of their value.

Table 2 outlines the work carried out in this area and problems have been found relating to either MoT or servicing work in around 25% of cases – a significant reduction from 45% last year.

The type of problems found include paperwork errors, incorrect pricing, work not carried out to a satisfactory standard, work not completed, unnecessary work done, and incorrect MoT failure. In many cases an MoT is carried out at the same time as a service to increase the effectiveness of the Unit.

There has been a drop in number of vehicles submitted from last year, but this is principally because the Unit was used as part of a DTI research project [as discussed below], which accounted for around 10 weeks work. Experience has also shown that the servicing area is the most difficult to satisfactorily enforce as it is often difficult to say categorically that work has not been done to a satisfactory standard – much is down to the opinion of the mechanic or tester at the time.

In general authorities take an advisory stance in dealing with many of the problems found when vehicles have been submitted for a service or MoT. This is in accord with the principles of the Enforcement Concordat and is aimed to be as 'business friendly' as possible to traders to help them comply with legal requirements, and minimum safety standards. Nevertheless, where necessary, Officers will not hesitate to report matters to procurators fiscal to consider prosecution under either the Trade Descriptions Act, Consumer Protection Act, or General Product Safety Regulations. In addition MoT testing stations may have their authorisation revoked by the Vehicle Inspectorate if they feel it is necessary.

Other vehicle checks

Apart from the two major operating areas outlined above, the Unit has been used by many authorities on other tasks. Several authorities undertook checks on hire vehicles and safety problems were found in many cases, especially with vans. One case has resulted in a successful prosecution under the Trade Descriptions Act 1968, when a hire company in Orkney supplied a vehicle which was not roadworthy due to various safety faults.

In another case an Aberdeen man was found guilty of possessing for supply a dangerous car, and also of dealing in secondhand motor vehicles without a licence.

Another popular operation is mystery shopping at fast fit centres for brake and tyre checks, to make sure that these 'free' checks don't result in unnecessary work being done on consumers' vehicles.

Fife Council have used the Unit extensively in support the operation of their 'Approved Garage' scheme, which is a good trader scheme set up to encourage motor traders in Fife to adopt recommended best practice and procedures in their business, and their dealings with consumers. Mystery shopping of scheme members is a cost effective way of monitoring standards and ensuring that the scheme is helping improve consumer confidence in the motor sector in Fife.



Mystery shopping research

The Unit took part in a major survey of standards of car servicing and repairs during the summer of 2002, and in fact undertook all the mystery shopping work in Scotland as part of this survey. The survey was commissioned by the Department of Trade and Industry in recognition of the low consumer confidence in this sector.

Major findings included:

- Only 5% of garages surveyed were rated as 'very good'
- 51% were rated as poor or very poor
- There was no significant difference in ratings between types of garage, for example independents and franchised dealers
- There was no significant difference in ratings between trade association members and non-members
- There were differences between regions, with Scottish garages performing better than most, as well as being the lowest cost.
- 17% of garages carried out unnecessary work

Future operations

Financial support for the Unit from the Department of Trade & Industry has now ended, and a request for additional funds from the existing DTI Trading Standards Modernisation Fund for cross border enforcement has been turned down. The continued support of the original authorities is ensuring its operation on a flexible basis until at least March 2004. I had hoped to expand the operation of the Unit into many of the other Scottish local authorities, not partners in the scheme, but unfortunately only two or three authorities have indicated an interest, mainly due to financial restrictions.

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Table 1 – partner organisations
 Councils involved in the SMVTU partnership

<u>Authority</u>	<u>Contact</u>
Aberdeen City Council	William Fraser 01224 523721
Aberdeenshire Council	Paul Bygrave 01467 628122
Angus Council	David Shaw 01241 435625
Argyll & Bute Council	Catherine Connelly 01546 604116
Dundee City Council	as above
Fife Council	Martin Wardrop 01592 416068
Glasgow City Council	Tom Campbell 0141 287 6650
Highland Council	Gordon Robb 01463 228700
Moray Council	Peter Adamson 01343 554610
Orkney Council	Ian Watt 01856 873535
South Ayrshire Council	David Thomson 10292 616055
South Lanarkshire Council	Helen O'Neill 01698 452498

Other agencies

Vehicle Inspectorate, DLTR

Table 2 – Operational outputs.

	Forecourts inspected	Vehicles Checked	Suspension notices issued	Prohibition notices issued	Vehicles Serviced	Vehicles MoT'd	Service or MoT problems	Other vehicle checks
Aberdeen City Council	47	45	2	10	4	18	8	1
Aberdeenshire Council	51	99	6	27				
Angus Council	17	59		8		2		3
Argyll & Bute Council	10	47	2	9	2	3	1	8
Dundee City Council	30	45	2	19	8	8	4	1
Fife Council	45	97		9	7	2	5	
Glasgow City Council	20	81		38	7	5	3	
Highland Council	7	18	1	4				
Moray Council	32	59	7	7	6	8	1	1
Orkney Council	5	7		2				
South Ayrshire Council	7	33	2	12		8	1	14
South Lanarkshire Council	32	73	6	31	1	7	4	3
Stirling/Falkirk					3	3	1	
Totals	303	663	38	176	38	64	28	31

Table 3 Finance

VEHICLE SERVICING Costs for 2nd Year

	Feb - Mar	Apr - Jan		TOTAL	
	<u>2001/02</u>	<u>2002/03</u>			
BALANCE B/F FROM 2001/02	-11,536.25	-11,536.25	0.00	0.00	-11,536.25
Staff Costs					
Gross Pay APTC	2,737.17		14,339.20		17,076.37
Supn APTC	0.00		0.00		0.00
NI APTC	235.76		1,246.41		1,482.17
Conference Expenses	285.00		100.00		385.00
Training Courses External	0.00		4,390.89		4,390.89
Total Staff Costs		3,257.93		20,076.50	23,334.43
Supplies & Services					
Protective Clothing	697.26		244.48		941.74
Stationery	390.00		0.00		390.00
Advertising - Publicity	183.78		923.70		1,107.48
Testing of Samples	0.00		2,501.40		2,501.40
Materials	0.00		14.15		14.15
Start Up Costs	-3,017.23		0.00		-3,017.23
Misc Supplies & Services	2,111.75		1,070.46		3,182.21
Total Supplies & Services		365.56		4,754.19	5,119.75
Transport Costs					
Fuel	521.28		1,387.62		1,908.90
Transport Risk Mgt Premium	0.00		7,014.45		7,014.45
Road Tax	176.00		976.75		1,152.75
Transport Other Running Costs	369.32		837.25		1,206.57
Transport Repairs & Maintenance	2,312.53		2,090.76		4,403.29
Motor Vehicle Purchases	-3,517.05		11,696.68		8,179.63
Travel & Subsistence APTC	1,143.51		5,829.11		6,972.62
Car Allowances APTC	8.80		43.64		52.44
Total Transport Costs		1,014.39		29,876.26	30,890.65
In Kind					
Trading Standards Officer (37)	4,913.00		25,579.17		30,492.17
Property & Administration	1,175.00		5,883.55		7,058.55
Vehicle Testing Costs	0.00		5,000.00		5,000.00
Total In Kind		6,088.00		36,462.72	42,550.72
Total Gross Expenditure		-810.37		91,169.67	90,359.30
Income					
Department of Trade & Industry	-35,000.00		0.00		-35,000.00
Local Authorities	-8,000.00		-19,250.00		-27,250.00
Outside Agencies	0.00		-16,040.88		-16,040.88
Offset IN KIND	-6,088.00		-36,462.72		-42,550.72
Total Income		-49,088.00		-71,753.60	-120,841.60
BALANCE C/F FOR					<u>-30,482.30</u>