

**Report to:** Lead Member for Community Services

**Date of meeting:** 25 July 2016

**By:** Director of Communities, Economy and Transport

**Title:** Trading Standards Service's proposals for chargeable business advice

**Purpose:** To endorse the development and implementation of chargeable business advice by the Trading Standards Service

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**RECOMMENDATIONS:** The Lead Member is recommended to:

- (1) Approve the implementation of the East Sussex Trading Standards Virtual College at a cost of £15 - £30 per online course**
  - (2) Approve the implementation and delivery of chargeable business workshops at a cost of £30 per delegate**
  - (3) Approve the implementation of bespoke chargeable business advice at £72 per hour plus VAT**
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## **1 Background Information**

1.1 With the budget reductions that have taken place over recent years it is important for the Trading Standards Service (TS) to explore ways in which it can recover costs and where there is capacity, generate income. TS is a regulator whose job it is to ensure that businesses operate fairly and legally. In this respect, its primary role is one of community protection for both legitimate business and consumers. The service does this by carrying out mandatory functions including the inspection of High Risk food and feed businesses, food and feed sampling, animal health visits to farms and markets, inspection of animals at Newhaven port, the sampling of unsafe goods, the sale of age restricted products and the investigation and prosecution of fraudulent businesses.

1.2 TS recognises that the majority of traders operating in East Sussex wish to comply with legislation but sometimes find it difficult to fully understand their legal obligations given the wide variety and complexity of the current legislative framework and its continued renewal. TS has traditionally provided free advice and guidance to all local businesses who have asked for it. The nature of the advice can often be very specific to the business concerned, time consuming and complex. However, TS no longer has capacity to sustain this level of individually tailored support. Moreover, the Government's Better Regulation and Delivery Office (BRDO) recommends that those businesses seeking assured advice on regulatory compliance, which is of sole benefit to their business, should be prepared to pay for it as they would any other service that is to their advantage, such as an accountant or solicitor.

1.3 After careful consideration, several proposals have been identified to provide businesses with easily accessible information that ensures costs are recovered and, where appropriate, income is also generated. Further information on the proposals can be found at Appendix 1. While considering the proposals it should be noted that all East Sussex businesses have 24/7 access to free and detailed TS advice and guidance through the Business Companion website. This is detailed at paragraph 4.6 of Appendix 1.

## **2 Supporting Information**

2.1 A brief outline of each proposal is given below;

### **Proposal 1 – East Sussex Virtual College (Paragraph 4.7 Appendix 1)**

2.2 If implemented, the Virtual College is an online facility, available to local businesses 24/7. It would provide online training on current TS legislation, such as age restricted products. This training

would be backed with certification. It is maintained by the Chartered Trading Standards Institute in partnership with the Virtual College. Courses range from £15-£30 per participant for which East Sussex TS would receive a commission of 20%.

2.3 At present it takes an administrative staff member 3 hours to set up and send a mail-merged marketing email to approximately 1,000 East Sussex traders, selected by type. The courses would also be marketed via partner websites such as the growth hubs and local enterprise centres. The Virtual College online courses require no input from TS above initial marketing.

#### **Proposal 2 - Chargeable Business Workshops** (Paragraph 4.4 Appendix 1)

2.4 During the financial year 2015/16, the TS Service ran 35 business workshops which were attended by 488 business delegates. The workshops were free and well received. It is proposed that further workshops are developed, delivered, and marketed in 2016/17 at a cost of £30 per delegate, plus an apportionment of any costs associated with hiring an appropriate venue. These workshops would complement the Virtual College and Business Companion website. The workshops would also allow traders face to face contact with a TS professional and the opportunity to network with other businesses. The courses can be developed to tie in with:

- national events e.g. National Allergens Awareness Week
- local issues of concern e.g. the storage of explosives
- changes to legislation e.g. nutritional labelling

The courses also have the advantage of being VAT exempt and repeatedly deliverable to a number of businesses at any one time. The fee set enables Trading Standards Officer time to be recovered and puts the course cost on parity with the Virtual College.

2.5 Last year 228 delegates attended eight TS workshops on the impact of the Consumer Rights Act 2015 on letting agents and landlords. Had they been charged at £30 per delegate this would have derived an income of £6,840. In this instance the incentive to attend is the £5,000 penalty for failing to comply with the legislation. However it is difficult to estimate what the take up would have been if there had been a fee to attend these workshops.

#### **Proposal 3 – Chargeable Business Advice** (Paragraph 4.5 Appendix 1)

2.6 There will be occasions when businesses will be prepared to pay for detailed advice. Bespoke business advice can be both time consuming and complex, and also removes officers from day-to-day mandatory operational duties. The TS Service needs flexibility to decide when it has both the necessary expertise and capacity to provide such advice. It also needs to charge in line with its competitors, such as other Local Authorities, private training companies and solicitors' firms. For this reason a fee of £72 per hour plus VAT is suggested. The fee set enables Trading Standards Officer time to be recovered and puts the course cost on parity with other Local Authorities.

2.7 It is very difficult to predict the level of take up of chargeable business advice. Many large companies and members of trade associations are provided with assured advice under Primary Authority Partnerships; it is mainly Small and Medium Enterprises (SMEs) that approach their local TS for advice. In the last financial year 183 SMEs approached East Sussex TS for advice and guidance, ranging from the straightforward to the very complex. If the average time to advise was an hour per business, and all the businesses were prepared to pay the £72 per hour charge, the revenue generated would be £13,104 per year. However many SMEs may shy away from asking for advice if there is a charge.

#### **Financial Appraisal**

2.8 If implemented these services will be new to East Sussex, and it is therefore difficult to estimate the level of income that will be raised. In the early stages TS only intends to market their services via emails to businesses. The service does not have the financial or staff resource available to carry out extensive marketing at this time. It is therefore suggested that a baseline is established in the first financial year and an achievable target set the year after.

### **3 Conclusion and Reasons for Recommendations**

3.1 The Trading Standards Service needs to seek ways of recovering costs where and when it can and what is being proposed is not new. Businesses have traditionally paid stamping fees for the verification of their weights and measures equipment and licence fees for premises that require particular inspection regimes e.g. explosives. The proposals above merely extend the current charging regime to advice that TS is no longer able to deliver for free.

3.2 In order to help East Sussex businesses with this transition TS is proposing to pilot and review charging for business advice in the first year. Businesses will also be signposted to Business Companion, the Virtual College and the business workshops in the first instance.

3.3 The Lead Member is therefore recommended to approve the three proposals:

Proposal 1: The implementation of the East Sussex Trading Standards Virtual College at a cost of £15 - £30 per online course;

Proposal 2: The implementation and delivery of chargeable business workshops at a cost of £30 per delegate plus an apportionment of any costs associated with hiring an appropriate venue; and

Proposal 3: The implementation of bespoke chargeable business advice at £72 per hour plus VAT.

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#### **LOCAL MEMBERS**

All

#### **BACKGROUND DOCUMENTS**

None