



26th February 2013

Agenda Item: 10

**REPORT OF THE SERVICE DIRECTOR, PROMOTING INDEPENDENCE AND
PUBLIC PROTECTION**

**REVIEW OF CHARGES MADE FOR ADVICE AND SUPPORT PROVIDED TO
BUSINESS IN 2013/14**

Purpose of the Report

1. To seek approval to change the pricing structure and fees charged for advice and support provided to Nottinghamshire businesses from 1st April 2013.

Information and Advice

2. For many years, the Trading Standards Service has provided high quality advice and support to Nottinghamshire based businesses, over and above that the authority was required to do by statute. For many years, this was delivered for free.
3. From 1st April 2011, the authority changed its policy and began to levy charges for business advice and support on a cost recovery basis. It withdrew from Home Authority relationships, where free support was offered, and moved to statutory based Primary Authority Partnerships. The changes were the subject of Cabinet decision (resolution number CA/2011/00003).
4. Where businesses do not wish to enter into formal Primary Authority arrangements, the costs for any ad-hoc advice or support delivered in excess of the statutory minimum is also now recovered by making a charge.

The Current Situation

5. There are currently 16 Nottinghamshire based businesses with Primary Authority Partnerships with the Service. These partnerships are tailored to the individual business' needs - Trading Standards offers a wide range of support including the provision of detailed compliance advice, the approval of internal systems, monitoring of consumer complaints, staff training or other bespoke support requested. Further, advice given to businesses and followed within such a relationship is binding by statute on other local authorities, providing the certainty businesses need to trade across local authority boundaries.
6. These partnerships have so far been set up using a model based on charging an hourly rate for trading standards officer time (£50 per hour) delivering a predicted level of support for a one year period. To recover the costs for establishing the partnerships with each business in

the first place, a one-off flat rate set up cost of £500 in the first year of the contract has also been charged. This covers the time spent on initial meetings, the analysis of previous history of the business, and the administration involved in formalising the partnerships with the Better Regulation Delivery Office (BRDO) who oversee the partnerships.

7. Businesses have also been charged a management fee of £750 per annum for each year of the contract. This charge recovers costs associated with the administration and management of the contracts, including the input of managers in ensuring the quality of advice delivered and signing it off.
8. Based on this year's contracted support hours plus management fee (i.e. excluding one-off set-up costs), the cost recovered for 2012/13 using the current charging model is £35,000.
9. The approach of agreeing the level of support required for the upcoming 12 month period benefits the businesses in that they are assured an annual commitment of officer resource, and also enables the Service to plan its resources and manage budgets more effectively.

Other Business Advice

10. During 2012/13 the Service has received £575 from business support from those Nottinghamshire based businesses that do not have a Primary Authority Partnership and that have requested ad-hoc advice. This has been charged at an hourly rate of £50 per hour.

Other Considerations

11. The Service has been exploring how to cultivate long-term relationships with more businesses in order to support economic growth. Entering into Primary Authority arrangements is a key way to achieve this. Feedback from companies who currently do not have partnerships with the authority has indicated that the upfront costs are viewed as too high, and act as a deterrent particularly to smaller enterprises.
12. The Service now has two years experience of delivering Primary Authority Partnerships, and the resource required to develop the partnerships at the outset. Further, the ongoing management input into them has reduced as the Service becomes more familiar with the processes involved, and Trading Standards Officers have become more proficient in delivering a customer focussed service. Therefore, charges to set-up the partnerships and management charges need to be reviewed to reflect this.
13. Consultation with other Trading Standards authorities suggests that a number do not now charge an upfront management fee for Primary Authority partnerships. Many have a simple model based on charging up to £75 per hour based on the time a Trading Standards Officer spends on delivering the support – this figure incorporates the recovery of set-up and management costs. Other authorities use a model of charging a lower hourly officer rate (e.g. £40 for time spent on delivering the support), but then charge management and administration time in addition.

Proposals

14. The Service has established Primary Authority Partnerships with a number of large Nottinghamshire businesses who are fully committed to the scheme. It is believed that in order to attract more small and medium enterprises, changes to the pricing model are required.

15. It is therefore proposed from the 1st April 2013 to:

- Remove the set-up and management costs;
- Increase the hourly officer rate to £60;
- Continue with annual contracts negotiated with Primary Authority businesses at the start of the year; and
- Increase the hourly officer rate for ad-hoc advice/support to £75.

Charges	Current	Proposed
Trading Standards Officer Time	£50 per hour	£60 per hour
Set up cost	£500	Nil
Management Fee	£750 per annum	Nil

Impact of the Proposed Changes

16. The increased Primary Authority hourly rate factors in management and administration time – those costs would therefore be recovered in direct proportion to the hours contracted for. The cost of managing the scheme would be spread over a larger number of partnerships if more businesses enter into partnerships with the authority.

17. By removing the set up and management fees, the costs would be proportionate to the size of the business and the support they require. The majority of businesses currently signed-up are small businesses, so would see a reduction in the annual cost of the partnership if the proposals are agreed.

18. The increased hourly rate for ad-hoc advice puts it at a higher level than advice provided under a Primary Authority arrangement. This reflects the additional resources required to deliver this reactive service outside of an ongoing relationship, where levels of resource are unknown at the start of the year, and a greater proportion of management input is required.

19. Based on current partnerships and the levels of hours currently contracted for, the resulting costs recovered for 2013/14 following the removal of the management fees and increasing the hourly rate, would fall by £7,000 to £28,000 for Primary Authority relationships.

20. However, current partnerships are valued by businesses and it is believed that some will maintain their current financial commitment in return for additional levels of support, therefore mitigating some of this reduction.

21. The removal of the set up and management fees means the proposed pricing model would be fairer to smaller businesses, be more transparent and easy to understand. A greater take up from small and medium sized Nottinghamshire businesses is therefore expected.

22. All charges will be reviewed annually and will be submitted to the Committee for approval.

Statutory and Policy Implications

23. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

24. The above changes involve a potential shortfall of £7000 to the Service's budget. This will be found from any of the following:

- The additional income received from further Nottinghamshire businesses joining the Primary Authority Scheme, or
- Current businesses with a Primary Authority Partnership increasing their level of contracted support, or
- If the above points do not cover the shortfall then growing or developing other income streams

RECOMMENDATION/S

It is recommended that the Committee agrees to:

- 1) change the pricing model for Primary Authority Partnerships to remove management and set-up charges
- 2) increase the hourly rate charged for Primary Authority Partnerships to £60; and
- 3) increase the hourly rate for ad-hoc business support delivered to £75.

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Constitutional Comments (NAB 01.02.13)

25. Community Safety Committee has authority to approve the recommendation set out in this report by virtue of its terms of reference.

Financial Comments (CLK 13.02.13)

26. The financial implications are contained within the body of the report.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.

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