
Small business appeals champions

Department for Business, Innovation and Skills

RPC rating: **fit for purpose**

Description of proposal

Evidence has shown widespread inadequacy in the provision of appeals and complaints mechanisms by national non-economic regulators. The proposal is to require an independent small business appeals champion to be appointed within non-economic regulators. The champions will be responsible for reviewing the effectiveness of regulators' procedures for handling and resolving complaints and appeals made by businesses. The RPC issued a 'fit for purpose' opinion on the Department's previous final stage IA on 15 May 2015. The present IA takes account of a policy change to fund the champions entirely from public funds.

Impacts of proposal

The Department's estimates of the cost of the champions have been updated to take account of small revisions to the number of regulators affected. The estimated overall total cost of the champions is £0.16 million each year. About 60 per cent of this cost relates to the champions themselves, with the remaining 40 per cent the cost of support staff. This cost is spread over 52 regulators.

In the previous IA, just over half of this total cost was expected to be recovered from businesses. This resulted in an equivalent annual net cost to business (EANCB) of £0.07 million (2009 prices). However, as noted above, the champions will now be funded entirely by the public sector. The EANCB is, therefore, now zero.

Quality of submission

The Department's assessment appears to be reasonable. Based upon current working assumptions, the RPC can validate this measure as a qualifying regulatory provision with an EANCB of zero.

The proposal includes a small and micro business assessment. This explains that the primary purpose of the proposal is to benefit small businesses,

Although not affecting the assessment against the business impact target, there are some areas where further information or clarification would strengthen the IA. It would be helpful if the Department could take account of these before the IA is published.

Familiarisation costs

The Department uses the level of those surveyed who disagreed with regulators' decisions as a proxy for the upper bound for the number of businesses that would choose to familiarise themselves with the champions' role. The IA would benefit from explaining why this is preferred to the (higher) proportion of businesses that have "...at some point disagreed but never appealed" (paragraph 5 of Annex A).

Champion and support staff time and salary

Although the estimates were provided by regulators, the Department could explain further how far the assumption about the level of champions' salaries and their limited time commitment are consistent with champions doing a thorough job, and realising substantial benefits from the proposal. In this context, the previous IA provided more information on alternative options. The present IA would benefit from re-inserting some of this information, for completeness. In addition, the Department could explain further the meaning of "22 [out of 23] responses indicated that the role would be additional" (paragraph 55).

Public sector funding

The IA would benefit from discussing whether the public sector funding of the champions could be maintained over a 10-year period.

Initial departmental assessment

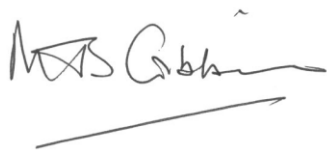
Classification	Out of scope
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero
Societal net present value	£1.62 million (benefits not monetised)

RPC assessment¹

Classification	Qualifying regulatory provision
EANCB – RPC validated	Zero
Small and micro business assessment	Sufficient

¹ [RPC verification of the estimated EANCB and the classification that the measure is a qualifying regulatory provision is based on current working assumptions.]

Opinion: final stage IA
Origin: domestic
RPC reference number: RPC-3093(3)-BIS
Date of implementation: not provided



Michael Gibbons CBE, Chairman