

Local Better Regulation Office
Draft Strategy 2008-2011

Consultation Draft

January 2008

Foreword

Clive Grace



Graham Russell



The regulatory services of local authorities play a vital role in economic prosperity and community well-being.

They help to ensure that the food we eat is safe, that the air we breathe is clean, that the goods we buy are fairly traded and that our workplaces are safe. By making sure that businesses comply with regulation in a way which is consistent and intelligent and which avoids creating unnecessary burdens, they contribute significantly to the conditions for sustainable economic growth. Achieving the Prime Minister's goal of making the United Kingdom the outstanding global success story of the 21st century will call for these services to play their own important part.

But local authority regulatory services are not valued as they should be. In too many local authorities they are the 'Cinderella' services – working hard and effectively with limited resources and not getting proper credit. When there is public concern about a real or apparent regulatory failure they are often chastised for not giving enough protection. But when 'red-tape' is in the public eye, they are also often seen as the enemies of enterprise.

The real story is more mixed than the periodic bouts of media outrage allow. There is good practice in local authority regulatory services but it is variable and there is room for improvement and a need for change. Businesses do get frustrated for 'good' reasons when regulation is inconsistent or disproportionate but most businesses also value local support and information to ensure compliance and provide confidence with the minimum of bureaucratic overhead. Consumers do want protection but they do not want the thriving markets which give them choice and value for money to be restricted by excessive inspection and enforcement.

The Local Better Regulation Office (LBRO) has been set up by the Government to drive the wider regulatory reform agenda at local level and to stimulate, support and incentivise improvement. Our mission is to secure more effective performance of these services in

accordance with the principles of better regulation. This draft strategy for the period 2008–11 sets out our initial assessment and plan as to how we shall achieve that.

The strategy is very much work in progress, especially given that the Regulatory and Enforcement Sanctions Bill, which will turn us from a company into a corporation with statutory powers, has not yet completed the Parliamentary process. The powers and resources already entrusted to us by the Secretary of State have enabled us to make a start in establishing the organisation and beginning to work with key stakeholders. But we are very conscious that it is Parliament that will have the last word on whatever powers we are eventually entrusted with.

The local regulatory landscape is complex. It includes, as active and important players, a number of representative and professional interests, national regulators and government departments, business and consumer bodies, and all three devolved administrations with their associated responsible and interested bodies, as well as local authorities themselves. We hope all of them will consider and respond to this draft strategy because the issues at stake are so important. The final impact assessment of the Regulatory Enforcement and Sanctions Bill places the potential cost savings at up to £80 million per year. Much of this benefit will come through improved consistency but there will also be benefits due to more effective compliance and associated consumer value. We are committed to ensuring that these benefits are realised for the UK economy and for its citizens.

Clive Grace
Chair

Graham Russell
Chief Executive

January 2008

LBRO
Local Better Regulation Office



Better Local Regulation

Risk and regulation at local level: the challenge

Well-run, legally compliant businesses expect to be able to prosper with a minimum amount of red tape. Consumers and workers expect that regulation should provide essential protections but without damaging markets which deliver choice and value.

In the United Kingdom, local authorities play a large part in delivering these expectations. Environmental health, trading standards, fire safety and licensing services provide advice and check compliance to support local businesses and protect consumers, workers and the environment. So local authority regulators are a vital element of improving the way that regulation is experienced on the ground.

Businesses dislike regulation when it is inconsistent or when the level of enforcement is not related to the risk. This is seen not only in enforcement activity but also in disproportionate sanctions for non-compliance.

Counting the Cost of Red Tape on Business

The estimated cost of red tape on UK business is approximately £13.6 billion per annum¹, and the Government aims to reduce this burden by 25 per cent by 2010.

Counting the Cost on Consumers, Workers and the Environment

The Office of Fair Trading has estimated the level of consumer detriment in the UK from mass marketed scams at £3.5 billion per year². In 2006, the Health and Safety Executive reported there were 241 deaths at workplaces, and the Environment Agency recorded 910 pollution incidents of serious impact.

Alongside the challenge to improve outcomes for business are the consequences of inadequate regulation. Consumers lose out from scam firms that purposefully mislead or deceive and from unsafe food and poor hygiene in food premises. Workers are put at risk through negligence of health and safety procedures. Communities suffer from antisocial behaviour fuelled by alcohol sold to children and through criminals posing as traders to target vulnerable householders. These and other impacts are significant for those who suffer the consequences. They are the ultimate consumers of regulatory services and their views need to be heard when setting priorities and deciding resource allocations.

Such examples pose a challenge but also provide a signal for the way forward. Solutions need to be holistic, tackling both the design and the implementation of regulation, and involve all the relevant stakeholders. The complexity of the landscape facing local regulators makes identifying and agreeing these solutions more difficult. The landscape is complex in terms of both the number of stakeholders and the processes involved. Key agencies include local authorities, central government, business and consumer groups, professional bodies such as the Trading Standards Institute, the Chartered Institute of Environmental Health and the Institute of Licensing, representative groups including the Local Authorities Coordinators of Regulatory Services, national regulators including the Office of Fair Trading, the Health and Safety Executive, the Food Standards Agency, the Environment Agency and the Gambling Commission as well as many others. In Scotland, Wales and Northern Ireland the devolution settlement has created a situation in which some local regulatory matters are devolved while others are reserved.

¹ Better Regulation Executive, Simplification Plans 2007: A Summary, December 2007
² Office of Fair Trading, Research on Impact of Mass Marketed Scams, December 2006

Providing local solutions to these challenges requires the will and the capacity to improve, as well as the resources. With many competing priorities, regulators find it difficult to attract sufficient resources to enforce the breadth of legislation in their remit and have limited capacity for introducing change programmes. Finding an approach which deals with resource allocation and prioritisation in a systematic way will be an integral part of local better regulation.

Improved performance of local authority regulators also needs to go hand in hand with improved performance in other areas. Central government plays an important part in both design and implementation of regulations and its recognition of the need for a proportionate range of sanctioning powers arising from the Macrory Review is an example of how Government can improve the design of regulation.

Government affirmed its commitment to regulatory reform in mid 2007 by creating the Department for Business Enterprise and Regulatory Reform (BERR). The new department—importantly with regulatory reform in its title—aims to “ensure departments deliver better regulation and tackle unnecessary bureaucracy in both the public and private sectors”⁵.

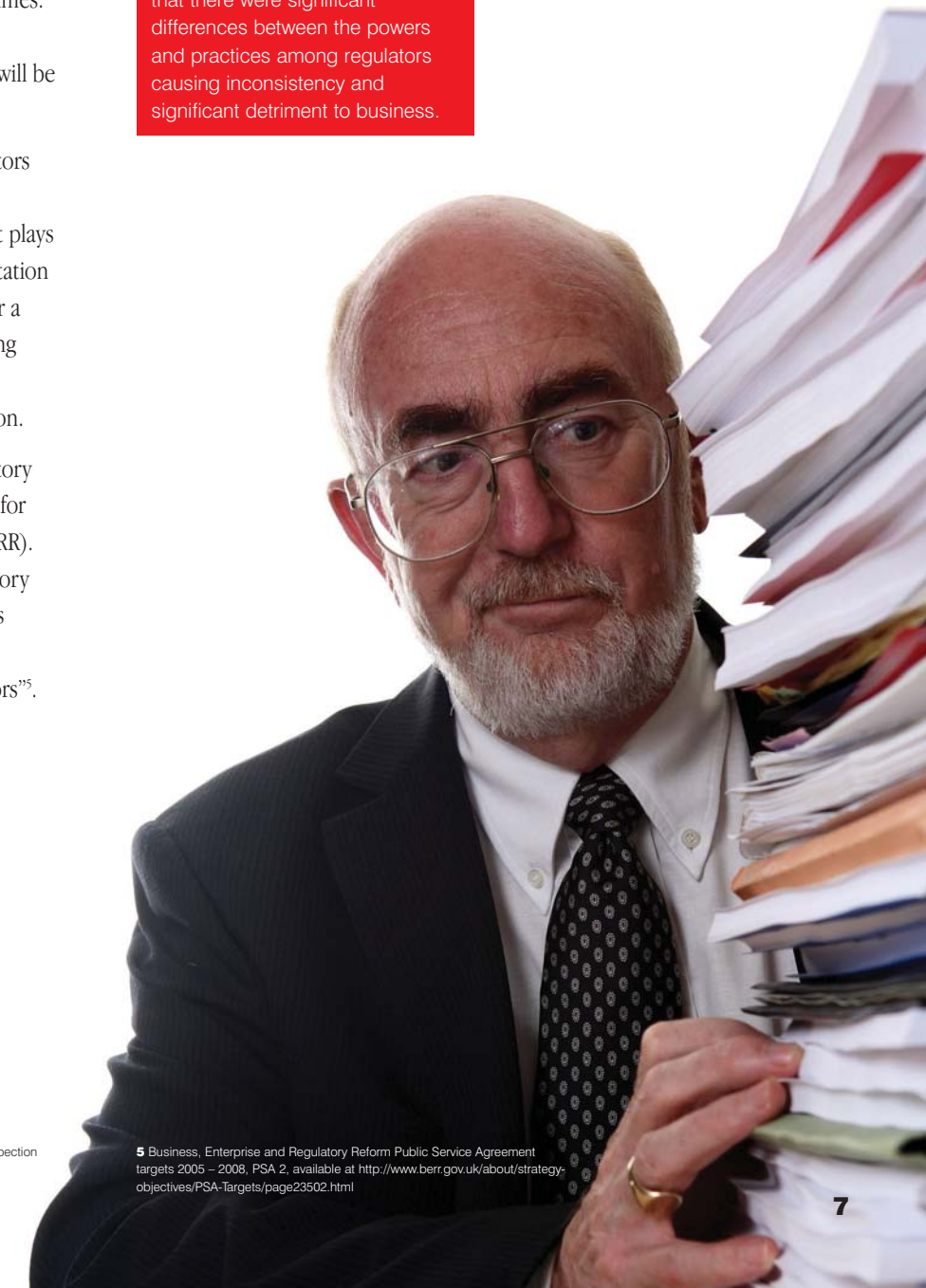
Understanding the complex local regulatory landscape - the Hampton Review

Sir Philip Hampton was commissioned by the Government to review the regulatory system in the UK. His 2005 report³ highlighted that the present complex approach to local authority regulation allowed wide variations and inconsistencies and that the system as a whole was uncoordinated.

³ HM Treasury/ Philip Hampton, Reducing Administrative Burdens: Effective Inspection and Enforcement, March 2005
⁴ Professor Richard Macrory, Regulatory Justice: Making Sanctions Effective, November 2006

Providing appropriate sanctioning powers - the Macrory Review⁴

Professor Richard Macrory carried out a review of the regulatory enforcement sanctions. He found that there were significant differences between the powers and practices among regulators causing inconsistency and significant detriment to business.



⁵ Business, Enterprise and Regulatory Reform Public Service Agreement targets 2005 – 2008, PSA 2, available at <http://www.berr.gov.uk/about/strategy-objectives/PSA-targets/page23502.html>

Consistency and Accountability: The Challenge for Local Authority Regulatory Services

Through the Better Regulation Executive, BERR has set up several processes to improve the design and implementation of regulation. These include introducing the statutory Compliance Code to promote better regulation at local and national level, simplification plans to measure and reduce the burden of regulation and the Hampton implementation reviews, which are aimed at assessing whether major national regulators have adopted principles of good regulatory practice.

The way that central government interacts with local government has a major impact on those affected by regulation. This centre-local relationship is evolving, moving towards clearer roles and responsibilities for both partners. It is the responsibility of central government to think of the national interest and cross-authority working, but the responsibility of local government to increase prosperity in their communities and decide on local priorities⁶. In this context central government has moved to provide strategic direction for the cross-cutting issue of regulatory priority setting. The Rogers Review provided a list of its national enforcement priorities for local authorities.

Hampton Implementation Reviews of National Regulators

Central government is undertaking reviews of whether the major national regulators are acting in accordance with the principles provided by Hampton. The process will allow central government to allocate more flexible sanctioning powers to those regulators that have built good regulatory principles into their decision-making.

A new performance framework also underpins the centre-local relationship. New arrangements for local area agreements have been introduced along with comprehensive area assessments, which focus on the ability of local authorities and their partners to deliver outcomes for their local area, and a significantly smaller list of national indicators by which local authority performance is assessed.

As this new relationship was being forged between central and local government, LBRO was set up to secure the effective delivery of local authority regulatory services. Its role is to shape both the context in which regulation is designed and the way it is implemented at the local level. LBRO will have a unique position in terms of its position, purpose and statutory powers. In setting up LBRO the Government has made plain its commitment to resolving the challenge of balancing risk and regulation at a local level and thus improving outcomes for businesses and consumers.

Defining the National Enforcement Priorities of Central Government

The Hampton Review argued that local regulatory services are often hindered by the diffuse and complex structure of local regulation, including difficulties arising from the lack of both effective priority setting from the centre and the lack of effective central and local co-ordination. The Rogers Review⁷ helped to clarify some of the signals to local authorities by providing six national enforcement priorities: air quality, alcohol licensing, fair trading, hygiene of food businesses, improving health at work and animal and public health.

The local regulatory system needs to provide consistent business regulation, while allowing local needs to be prioritised. There is potential for tension between these two aims.

There are circumstances in which it is reasonable for business to accept local variation reflecting local circumstances, provided that this is carried out in a transparent way. For example, a business might expect higher levels of enforcement of restrictions on sales of alcohol in areas where alcohol-related antisocial behaviour is a significant local priority. However, there are problems when there is inconsistency that does not reflect local circumstances. For example, businesses may see different interpretation of the same regulation across local authorities. Where business decisions are taken based on one view of legislative requirements, which is subsequently disputed by regulatory officers in other locations, competitiveness is adversely affected. There is a need to measure more accurately the quantitative impact of such inconsistency but it is a perception on the part of business and given credence by reported experiences. In two cases – those covered by the current home and lead authority schemes – there have been voluntary processes to try and achieve consistency but these have been limited by the absence of a statutory basis.

Another form of inconsistency occurs where levels of regulatory resource are inconsistent across the country. This can result in over-regulation in some locations, where businesses face additional burdens from inspection, and under-regulation elsewhere, exposing compliant businesses to unfair competition while putting consumers, workers and the environment at risk. Once again this can have a damaging impact on the marketplace and business competitiveness.

In order to tackle this form of inconsistency it is necessary to have a common understanding of performance standards and a consistent framework against which the performance of local authority regulatory services can be assessed. The performance assessment elements that currently exist are overseen for each different policy area by the relevant national regulator. This results in fragmented data sets which do not permit any kind of holistic and comparable performance assessment. As a result it is extremely difficult for any consistent evaluation to be made of the relative levels of local authority performance in these vital service areas.

⁶ Central-local concordat, signed between HM Government and the Local Government Association on the 12th December 2007

⁷ Peter Rogers, National Enforcement Priorities for Local Authority Regulatory Services, March 2007.



In the absence of a consistent prioritisation or performance framework, local authorities have been required to take individual decisions around the levels of resource to commit to regulatory services. Some authorities have been able to produce well considered models for resource allocation that are based upon outcomes and local needs, others have not. Unjustified variations in levels of resource make for business frustration and potential consumer anxiety.

The professional legacies and historical priorities of trading standards, environmental health and fire safety professionals also play a part in defining the current local regulatory system. Historically these professions have generally operated independently, with differing regulatory styles, cultures and working methods that reflect the differing natures of their main functions. The emphasis has been on securing key objectives linked to the perspectives of each individual profession, such as the improvement of food safety or the maintenance of a fair trading environment. This cultural separation makes it more difficult to develop a single local regulatory system focused upon shared outcomes, shared services and the sharing of intelligence. Issues of culture and leadership can be a significant barrier to the achievement of the shared priorities and objectives envisaged in the new system of local area agreements.

Effective local regulation is critical to both local and national economic prosperity.

Local regulation protects workers, consumers and the environment. It establishes the conditions in which enterprise can flourish.

However, the critical role in economic development that is played by regulation is not deeply ingrained into the approach and thinking of local regulators. As a result local authority regulatory services have historically enjoyed less opportunity to draw upon local resources to assist in activities such as business support and education, despite the fact that this was identified by Hampton as a critical role for regulators.

There is a great deal of good and best practice being developed and implemented. But it is not being systematically stimulated or incentivised and much more could be done to disseminate it more widely. Furthermore while the principles of better regulation are generally known and supported at local level, the better regulation agenda has not yet been implemented widely, effectively or consistently. For example, while the importance of risk has been generally accepted and understood, no single consistent risk model has been developed to improve targeting across the country and, as noted above, there is no systematic approach to inter-authority consistency.

It is not easy to say with certainty just how far local authority regulatory services achieve the standards of excellence to which they aspire. Nor is it easy to know how much more effective their contribution to economic prosperity and community well-being could be if they could achieve those standards and were given the appropriate level of resources in order to do so. The local regulatory system needs to change if it is to deliver the national consistency needed for improved economic prosperity, alongside the need for local prioritisation to meet community aspirations. Change will be needed in the approach of stakeholders, such as the national regulators, as well as local authority regulatory services.

The role of LBRO is central to this improvement in the local regulatory system and it is what rests at the heart of its mission:

‘to secure more effective performance of local authority regulatory services in accordance with the principles of better regulation’.



Supporting Change to Improve Outcomes: The LBRO Approach

LBRO must ensure that local regulatory activity contributes to outcomes that make a difference to the lives of local communities, most notably supporting improved economic prosperity and sustainable business growth as well as community well-being through protection for consumers, workers and the environment.

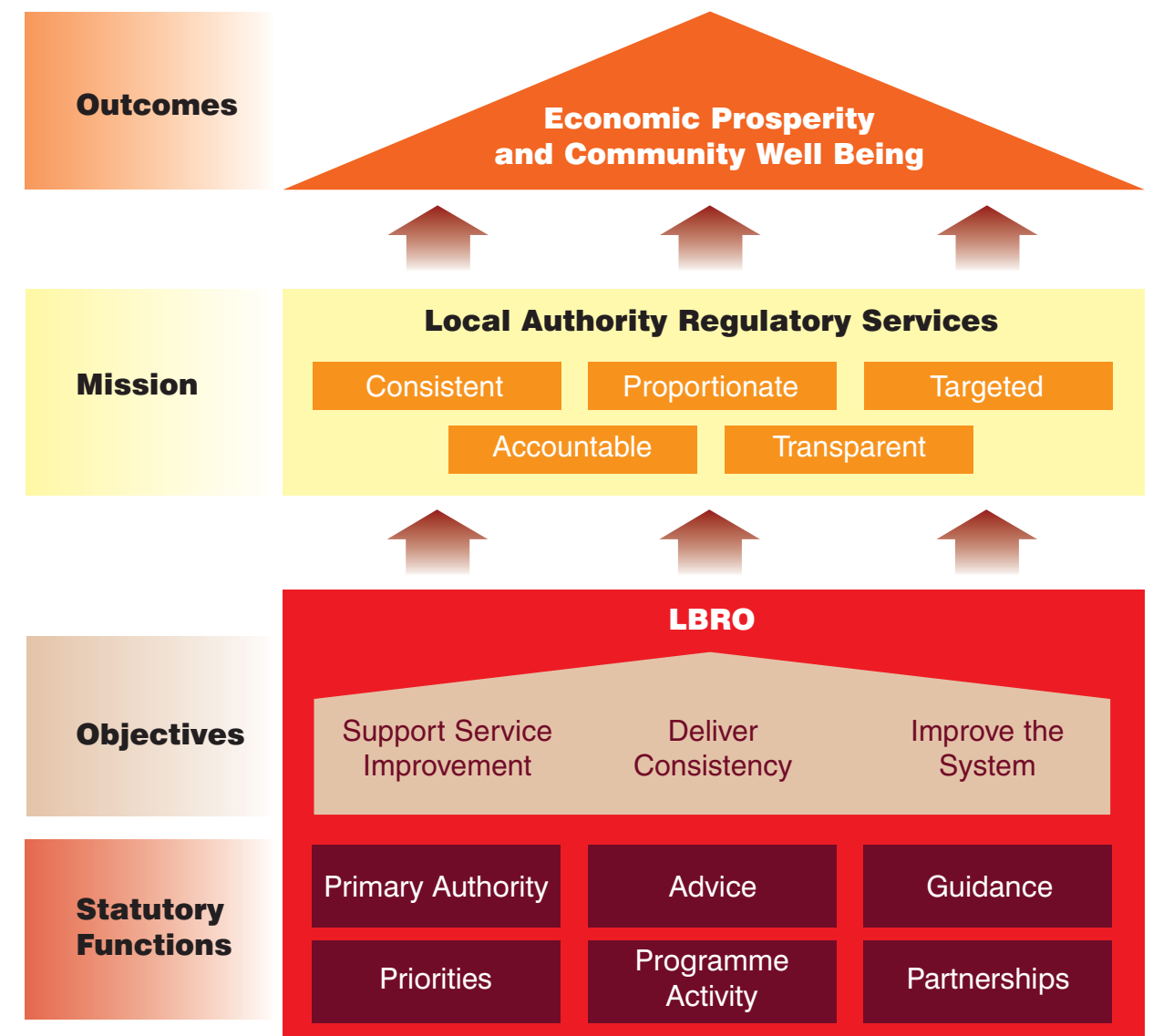
LBRO's principal focus is on local authority regulatory services. It aims to help local regulation deliver these outcomes by securing more effective performance of local authority regulatory services in accordance with the principles of better regulation. This means doing it in a way which does not give rise to unnecessary burdens but which ensures that regulatory activities are:

proportionate
accountable
consistent
transparent
targeted

LBRO activity will focus around three strategic objectives. It will

- **Support service improvement and change** in local authority regulatory services
- Directly **deliver consistency**, principally through the primary authority scheme
- Act to **improve the** local authority regulatory services **system** more generally

The diagram opposite has been developed to illustrate the role and functions of LBRO and their relationship to the wider system.





Better regulation promotes efficiency, productivity and value for money and can deliver many benefits

including better public services, a competitive business environment and, where needed, economic reform. There are significant examples of good practice and, where local authority regulatory services operate in accordance with better regulation principles, there will be an increasing drive towards these outcomes.

To achieve this, regulation and enforcement should meet the principles developed by the Better Regulation Task Force⁸ and enacted under the Legislative and Regulatory Reform Act 2006. The Act states that regulators must have regard to the principles when exercising a regulatory function, including taking enforcement action. Examples which show how a local impact is made for business and communities are given below:

- As local authorities apply regulations **consistently** across boundaries there is a reduction in risk and burdens for multi-site businesses. This reduces costs, improves confidence, promotes a level playing field and enhances equity in the market place.
- **Proportionate** enforcement involves ensuring that all enforcement action is proportionate to the risk. This means balancing the activity between advice and inspection. Where there is non-compliance, the penalty should be dependent on the harm done. Therefore the more serious the breach, the tougher the sanction. This increases compliance without creating unfair burdens on business.

- When local authorities act in a **targeted** fashion, taking into account both the local and national priorities, they focus their resources on high-risk enterprises with a lighter touch for compliant businesses. This ensures that traders who flout the law are dealt with effectively providing essential protection for businesses, consumers, workers and the environment.
- Being **accountable** means that regulatory services accept that they have responsibility to the public for their actions with clear, accessible policies and fair and efficient complaints procedures. Such processes improve the ability of businesses to engage with local authorities and allow the public to scrutinise how they operate.
- **Transparency** means that businesses understand what is expected from them and what they can expect from local authorities. When it is clear how local authority regulatory services can support business to ensure compliance, it helps to provide more certainty for business, leading to greater business confidence in the regulatory system.

The linkages involved in each of these examples, the magnitude of the benefits and thus the real impact on outcomes for local communities need to be tested and measured further and LBRO will have a role in this task.

As drafted, the Regulatory Enforcement and Sanctions Bill will give LBRO six key functions. These are to:

- operate the primary authority scheme, whereby nominated 'primary' authorities will provide advice to businesses that operate across council boundaries and agree inspection plans to guide other local authorities in their interaction with the business, improving consistency

- provide advice to central government on enforcement and regulatory issues associated with local government
- issue statutory guidance to local authorities in respect of regulatory services
- review and revise the list of national enforcement priorities
- use an investment budget to achieve strategic outcomes, in particular to facilitate identification, description and dissemination of innovation and good practice
- develop formal partnerships (memoranda of understanding) with national regulators

LBRO has been set up as a company in order to begin the process of working with stakeholders and to begin developing the improvement agenda for local authority regulatory services. Only once the Bill has completed its passage through Parliament will LBRO exercise statutory powers. Until then, it draws only on the company powers granted to it by the Secretary of State. Publication of an initial strategy outline in autumn 2007 has given focus and direction to LBRO and set out a programme of work to produce some early deliverables as well as to put in place the building blocks so important to medium term success.

The early deliverables include:

- Preparing and testing the primary authority scheme by working closely with the Local Authorities Coordinators of Regulatory Services, Health and Safety Executive and other stakeholders.
- Working with central government, national regulators and local authorities to develop guidance on implementing the national enforcement priorities.

- Supporting the Better Regulation Executive on the retail enforcement pilot with complementary work on leadership and culture change for local authority regulatory services.
- Mapping the regulatory landscape to gain a clear understanding of the issues affecting local authority regulatory services.
- Working with national regulators and representative and professional bodies towards a benchmark for a world class local authority regulatory services system with a view to helping local authority regulatory services improve and achieve their potential.

In the period April 2008 to March 2011 – and following Royal Assent – LBRO's strategy will be to use its statutory functions to achieve three objectives:

- **Support service improvement and change** in local authority regulatory services
- Directly **deliver consistency**, principally through the primary authority scheme
- Act to **improve the** local authority regulatory services **system**

Taken together, these objectives are designed to achieve the core mission and support progress toward the wider outcomes of economic prosperity and community well-being.

⁸ Better Regulation Taskforce, Principles of Good Regulation, reproduced at <http://www.brc.gov.uk/upload/assets/www.brc.gov.uk/principlesleaflet.pdf>, 2003



Strategic Objectives

Support service improvement and change in local authority regulatory services

What

LBRO will support continuous improvement across local authority regulatory services to help them achieve excellence.

Why

Better local regulation involves cultural change and continuous improvement in local authority regulatory services. This includes accepting the importance of operating according to the principles of better regulation. It is understood that although awareness of the principles exists, adoption of them has been inconsistent. Greater application by local authority regulatory services of these principles will help to deliver high performing, responsive and accountable services, and demonstrate commitment to addressing the 'Hampton' agenda. This will benefit consumers in terms of increased protections and business in terms of the opportunity for increased prosperity.

How

- **Provide** guidance to local authorities and use programme funding to encourage and foster a culture of innovation and information sharing, especially in relation to best practice.
- **Guide** local authorities in implementing national and local priorities and in the use of impact assessments in considering community benefits including economic, environmental and social outcomes.

- **Provide** guidance to local authority regulatory services on the better regulation principles, Hampton behaviour and the implementation of the Compliance Code
- **Assist** local authority regulatory services by developing models for leadership, cultural change and capacity and capability building to meet the changing needs of local communities.
- **Promote** evidence-based service planning in local authority regulatory services using risk and intelligence-based models to target resources appropriately.
- **Promote** the use of the national indicators within regulatory services and build a world-class performance assessment framework for local authority regulatory services to raise standards and promote consistency.
- **Assist** authorities to identify the gap between current and world-class performance, using tools such as peer challenge and review and self assessment, and then support them in undertaking the subsequent improvement journey.
- **Promote** activity to increase understanding and empowerment of consumers and workers through the provision of information and advice.
- **Encourage** effective and proportionate application of sanctioning powers across local authorities including, as it becomes appropriate, advice on the adoption of flexible 'Macrory' sanctions.

Directly deliver consistency, principally through the primary authority mechanism

What

LBRO will deliver the primary authority scheme to improve the coordination and consistency of regulatory enforcement. Its work will also include other projects which focus regulatory activity on risk, using targeted and proportionate interventions.

Why

Local authority regulatory services should apply regulations consistently across the UK. However, businesses have reported that this is not always the case. Consistency is important as it provides confidence and a level commercial playing field. Businesses will benefit from reduced burdens through clear and consistent interactions with local authority regulatory services.

How

As set up in the Regulatory Enforcement and Sanctions Bill, LBRO will establish and maintain an effective primary authority scheme that will help deliver consistency for businesses operating across local authority boundaries. Under this scheme, a primary authority will be a local authority registered by LBRO as having responsibility for providing advice and agreeing an inspection plan for a particular business. If another local authority finds evidence indicating a breach of regulations it will notify the primary authority, which will then advise on whether this is consistent with previous advice that has been given to the business. Any disputes will be resolved by LBRO. We will:

- **Test** and implement the primary authority scheme to ensure that it will deliver benefits for business.
- **Ensure** effective registration of partnerships and provide accurate and up-to-date information so that local authorities can access the advice given to business by a primary authority.
- **Create** systems for data capture, access and intelligence that will assist a local authority when a breach is found and in considering enforcement action.
- **Provide** an effective arbitration process when there is a difference of view between the enforcing authority and a primary authority over proposed enforcement action.
- **Provide** relevant information, support and guidance to improve the capability and capacity of local authorities operating the scheme.
- **Develop** the scheme with devolved administrations in Wales, Scotland and Northern Ireland to enhance consistency across the UK.
- **Advise** on risk assessment frameworks to promote consistency in local authority regulatory services.
- **Assist** local authority regulatory services in the use of the retail enforcement pilot and other schemes that seek to reduce the burden on business by evaluating and disseminating the lessons learnt.
- **Promote** best practice activity which creates a level playing field for businesses, removing the unfair competitive advantage afforded to persistently non-compliant businesses.

Act to improve the local authority regulatory services system

What

LBRO will use its powers and work with its partners to make the local regulatory system work better. It will aim to provide clarity about current conditions of the regulatory landscape and help to identify where inconsistent signals and incentives are being provided to local authorities.

Why

The regulatory landscape is complex and local authority regulatory services can only work better if the system itself improves. This will facilitate better local regulation and thus help to reduce burdens and improve protections for consumers, workers and the environment.

How

- **Map** the regulatory landscape to improve understanding of the factors that influence how local regulation is designed and implemented, and its subsequent impact on business and consumers, workers and the environment.
- **Provide** information, insight and options for reform of the local regulatory landscape to a variety of stakeholders, including central government.

- **Work** with national regulators to refresh the national enforcement priorities.
- **Work** with key partners and agencies to improve understanding, communication of information, and alignment and coordination of activities for local authority regulatory services.
- **Work** with businesses to assist them to engage in the local decision making process with local authority regulatory services, for example through workshops and forums.
- **Work** with business and consumers to establish their needs and guide local authority regulatory services in understanding and addressing these aspirations.
- **Develop** memoranda of understanding with national regulators and other key partners to clarify roles and responsibilities, ensuring transparency for all stakeholders.
- **Develop** an evidence-based methodology to assess the value and contribution of local authority regulatory services to communities.
- **Develop** a benchmark of local authority regulatory performance across different dimensions in consultation with relevant stakeholders.





Success Measures

The Government estimates that the Regulatory Enforcement and Sanctions Bill will deliver real and considerable benefits for business

- the final assessment estimates the potential impact at up to £80 million per year⁹. LBRO will contribute to this by delivering our strategic objectives. However, the measurement of success will not be straightforward. To support its own decision making and improve planning and evaluation within local authorities, LBRO will undertake and publish research into the impact of regulatory services on higher level outcomes including economic prosperity.

The successful delivery of LBRO's objectives depends on working with other partners, in particular local authority regulatory services. In that sense, LBRO will only have succeeded if local authority regulatory services succeed.

From April 2008 central government will monitor local authority performance through the single national performance indicator set. The national enforcement priorities are reflected in the national indicators with each priority having an associated indicator. There is also an additional indicator measuring business satisfaction with local regulatory services. We will measure the success of our work through monitoring and measuring the performance of local authority regulatory services using, where appropriate, the relevant national indicator as a measure.

To measure and report on LBRO's performance at all relevant levels we will:

- **Monitor** changes in economic prosperity and community well-being. While regulatory services do not have full control of these outcomes it will still be important to monitor such changes and to understand the reasons.
- **Use** national indicator 182 (satisfaction of businesses with local authority regulatory services) to measure business perceptions and assess whether there is perceived improvement within local regulatory services performance.
- **Work** with others to measure consumer perceptions and assess whether consumers perceive improvement in regulatory services' performance.
- **Develop** measures that will help assess local authority regulatory services' effectiveness and their progress towards compliance with the better regulation principles. In particular LBRO will monitor national indicators relating to local authority performance against the national enforcement priority areas.
- **Develop** performance indicators to assess performance against our three key objectives so we can report on performance and drive behaviour within the organisation.
- **Establish** all other relevant project-based reporting measures, including project deliverables.



While success measures will be finalised in the corporate plan, some examples of the types of measures that LBRO will use are as follows, arranged according to our three strategic objectives:

Support service improvement and change in local authority regulatory services

By December 2008, LBRO will have worked with authorities on the implementation of the national enforcement priorities in the local context and disseminated lessons learned to all local authorities.

By March 2009, LBRO will have developed an interactive web-based facility to assist the dissemination of advice.

By March 2009, LBRO will have delivered a minimum of three products to relevant local authorities that assist them to improve their service.

By March 2009, LBRO will have engaged 25 percent of all local authorities in pilot or project work.

Directly deliver consistency, principally through the primary authority mechanism

Within three months of commencement of the relevant statutory instruments, LBRO will nominate its first primary authority partnerships.

By October 2009, LBRO will have designed a framework to evaluate the implementation of the retail enforcement pilot and commenced the dissemination of the results of the evaluation and lessons learnt.

Act to improve the local authority regulatory services system

LBRO will provide advice to government that is accurate, useable and delivered within the required timeframe.

By October 2008, LBRO will have completed the project of mapping the regulatory landscape and published the results in an easy-to-read format.

Within three months of commencement of the Regulatory Enforcement and Sanctions Act, LBRO will have signed memoranda of understanding with five national regulators¹⁰ and have efficient working relationships with 20 key partners in business groups, consumer groups, professional and representative bodies and Whitehall.

By March 2009, LBRO will have worked in partnership with national regulators, professional bodies, LACoRS and others to develop the elements of world-class performance against which local authorities can assess their progress.

⁹ Department for Business, Enterprise and Regulatory Reform, Impact Assessment of Regulatory Enforcement and Sanctions Bill Part 3, 24 October 2007

¹⁰ The five regulators specified by Clause 12 of the Regulatory Enforcement and Sanctions Bill are: the Environment Agency, the Food Standards Agency, the Gambling Commission, the Health and Safety Executive and the Office of Fair Trading.



Devolved Administrations

The problems and issues that LBRO has been set up to tackle are relevant across the whole of the United Kingdom.

Businesses which trade across the national borders between England, Wales, Scotland and Northern Ireland are likely to experience at least as much inconsistency of enforcement as those operating across local authority boundaries within England, if not more. It is possible that there are fewer problems for businesses that operate across local authority boundaries within one of the devolved administrations because in Scotland and in Wales there are far fewer local authorities and they are all unitary, which may lead to greater consistency of approach, and in Northern Ireland much of the enforcement is conducted through a single agency. Whether or not the problems are fewer within the devolved administrations, the risk of inconsistency across the national boundaries remains.

LBRO's wider role is to secure the more effective performance of regulatory enforcement services in accordance with better regulation principles. In these terms, there may also be differences in the extent and nature of improvement required in the home nations as a result of the different local authority structures and performance frameworks that operate. The most fundamental difference for local authority regulatory services across the home nations is that which follows

from the powers and prerogatives of each of the devolved administrations. Local government is a devolved matter in each of the Welsh, Scottish and Northern Ireland administrations. The position is more complicated when it comes to local authority regulatory services themselves because some matters have been devolved or transferred while others have been retained by the UK Government. In due course, additional powers may be transferred to devolved administrations or there may be a further devolution to local government. Consequently, the provisions for LBRO and for the primary authority scheme outlined in the Regulatory Enforcement and Sanctions Bill are not the same in each of the devolved administrations.

We recognise and respect the constitutional position and prerogatives of each of the devolved administrations as well as the differences between them, as outlined below. We are committed to forging strong relationships with each of the devolved administrations to help ensure that the primary authority scheme operates effectively across the whole of the UK. We will also look to work with key stakeholders in each devolved administration to help them support the improvement and development of local regulatory services, as well as learning lessons for LBRO to improve the effectiveness of our work in England.

Wales

LBRO's functions in relation to the primary authority scheme in Wales relate to all aspects of local authority regulatory services. In addition, the Assembly has decided that LBRO's other functions will also apply in Wales and specific provisions have been inserted in the Regulatory Enforcement and Sanctions Bill to this effect. Where appropriate and when requested, we will provide advice to Welsh ministers and it will be for Welsh ministers to give consent to the relevant parts of LBRO's work, including the identification of specific national enforcement priorities for Wales. We will work closely with relevant stakeholders in Wales and the intention is to base an officer with specific responsibilities for Wales in the country following consultation with the Assembly. We will also consult on the specific application of this strategy as a whole to Wales. Assuming that the Regulatory Enforcement and Sanctions Bill becomes law in broadly its current form, we will in future years issue a specific and separate consultation document in Wales on the forward programme and strategy.

Scotland

We will work closely with stakeholders in Scotland in order to implement the primary authority scheme in relation to reserved matters. We will also work more widely with stakeholders in Scotland to support the development of the better regulation agenda in local authority regulatory services, having regard to the prerogatives and powers of the Scottish Parliament and Government.

Northern Ireland

We will work closely with stakeholders in Northern Ireland in order to implement the primary authority scheme in relation to non-transferred matters. We will also work more widely with stakeholders in Northern Ireland to support the development of the better regulation agenda in relevant regulatory services, having regard to the prerogatives and powers of the Northern Ireland Assembly.



Working together

LBRO will operate in partnership with the established bodies in local regulation, helping to develop a framework for improvement and offering leadership for change.



We will work with:

- **A variety of business groups** including those representing broad interests such as the Confederation of British Industries, the Federation of Small Businesses, the British Retail Consortium, the Institute of Directors and the British Chambers of Commerce as well as those representing service and community specific business interests such as agriculture and ethnic minorities. Recognising and working with different interest groups within the business environment will help LBRO connect business reality to local enforcement and ensure that policy reflects real business concerns and issues.
- **Individual local authorities**, having particular regard for the different types of authority and the relevant local circumstances for each authority. Working in partnership with local authorities will help make a real impact and deliver benefits for local communities and businesses.
- **National regulators** such as the Food Standards Agency, the Environment Agency, the Health and Safety Executive, the Office of Fair Trading, the National Weights and Measures Laboratory and the Gambling Commission, to create the right local conditions for the effective implementation of policy.
- **Consumer groups** such as the National Consumer Council, Which? and Citizens Advice, to ensure that reductions in business burdens are effected in parallel with consumer empowerment and the voice of consumers is heard in policy discussions.
- **Representative bodies** such as the Local Government Association, the Welsh Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Association, the Local Authorities Co-ordinators of Regulatory Services and the Chief Fire Officers Association, as well as professional bodies such as the Trading Standards Institute, the Chartered Institute of Environmental Health, the Royal Environmental Health Institute of Scotland, the Institute of Licensing and the National Association of Licensing and Enforcement Officers, to help LBRO identify and understand different stakeholder interests and support the work of partners.
- **Central government departments** with an interest in local regulation, including Business, Enterprise & Regulatory Reform; Communities & Local Government, Environment Food & Rural Affairs; and Culture, Media & Sport, to offer them an insight into the issues of local authority regulatory activity.
- **Devolved administrations** and their associated business and consumer bodies such as the Scottish Retail Consortium and the Northern Ireland, Scottish and Welsh consumer councils, to deliver benefits to consumers and business in each nation.



Governance and Structure

LBRO's strategic direction, risk management and oversight is managed by a nine-member Board.

LBRO is funded by central government and is responsible to the Secretary of State for Business, Enterprise & Regulatory Reform. It has a budget of £4.4million, which is used both to deliver its functions and to promote best practice within local authority regulatory services.

We have adopted the highest standards of governance, in accordance with Treasury and other guidance. Excellence in governance calls for leadership and direction, control, stewardship and propriety. We have attracted an experienced and highly skilled executive group and have put in place a programme to drive top team development involving the Board and the senior executive team. We aim for excellence in management (of resources and people), in performance (of teams and individuals), in value for money for taxpayers and in outcomes for key stakeholders.

We have adopted key values and ways of working and intend to be outcome-focused, creative, challenging and supportive, and evidence-based in all our activities.

We also believe that the principles of better regulation should, so far as is practicable, apply to LBRO itself, just as they apply to local authority regulatory services. We will ensure that in going about our work LBRO does not create unnecessary burdens and that our actions will aim to be proportionate, accountable, consistent, transparent and targeted only at cases where action is needed.

Membership of the Board is drawn from across the business, consumer, local authority and public and private sectors. The chair is Clive Grace, a former local authority chief executive and also chairman of Supporta plc, a listed support services company. The board members are Robin Dahlberg (also a Health and Safety Commissioner), Uday Dholakia (a senior partner at Global Consulting), Michael Gibson (managing director of Cantray Estates), Ann Hemingway (a non-executive director of the Department for Transport), Robert Leak (chief executive of the London Borough of Enfield), Rebecca Marsh (a Commissioner with the Independent Police Complaints Commission) and David Thurston (the former head of legal services for J Sainsbury plc).

The organisation has a staff of 25 drawn from a range of diverse backgrounds in central and local government, regulatory services and the private sector. The senior management team has a wealth of operational experience. Graham Russell is both a Board member and chief executive, Jane Martin is the director of policy and engagement, and the director of performance and delivery is Sarah Smith. Carol Brady is director of project delivery, Loris Strappazon is the head of board support and strategy and Richard Wilson is the head of resources and corporate services.



Clive Grace



Graham Russell



Rebecca Marsh



Robin Dahlberg



Uday Dholakia



Robert Leak



Ann Hemingway



David Thurston



Michael Gibson

Responding to the consultation draft

We welcome comments and suggestions on this first draft strategy. We hope to stimulate a robust and informative debate with stakeholders across the regulatory landscape.

We are especially keen to have your views on the following specific questions:

Do you share our understanding of the problems facing local regulation and local authority regulatory services?

Will the three objectives we intend to focus on effectively deliver LBRO's mission to secure the effective performance of local authority regulatory services in accordance with the better regulation principles?

Are the activities outlined under the core objectives sufficient to achieve that mission and contribute towards improving economic prosperity and community wellbeing?

To respond by email, please submit your comments, and where possible supporting evidence, to consultation@lbro.org.uk to be received no later than Friday 14 March. If you wish to discuss the issues or need any clarification, please call Loris Strappazon, the head of strategy and Board support on 0845 87 36 2 36, on loris.strappazon@lbro.org.uk or at:

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January 2008

Photography on page 2 and 37 by Ed Moss

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