

# Strategy

2008-2011

**LBRO**  
Local Better Regulation Office





## Foreword

The better regulation agenda is fundamental to making the UK successful in the 21st century. Our job is to take the lead in making 'better regulation' a reality at local level. Our mission is to improve the local regulation of business by environmental health, fire safety, licensing and trading standards services. The aim is to reduce unnecessary red-tape for law-abiding businesses to allow greater focus on targeting the rogue traders who harm vulnerable people and damage our communities.

These local regulatory services have a critical part to play in the modern purpose of local government as 'place-shaper'. They have the most direct relationship with local businesses and the economy of any local government service – for example, they conduct 80 per cent of visits to local businesses. They are also critical in ensuring proper protection for consumers and communities.



The ultimate test of our ambitions is to help local authorities make prosperity and protection a reality for their communities. Our basis for action is provided by the powers granted to us under the Regulatory Enforcement and Sanctions Act 2008, and we aim to work closely with our partners to implement the better regulation agenda and provide tangible and significant benefits to businesses and communities. We have made a strong start by building firm foundations and creating an organization that is fit for purpose. But we are very clear about the size of the task ahead.

This strategy combines our experience and expertise with valuable insights from our stakeholders – especially business organizations and local authorities. We thank everyone who commented on the draft, as well as those who are already working with us on early programmes and projects. We also thank our colleagues at the Better Regulation Executive for their continued help and support.

October 2008

## Introduction

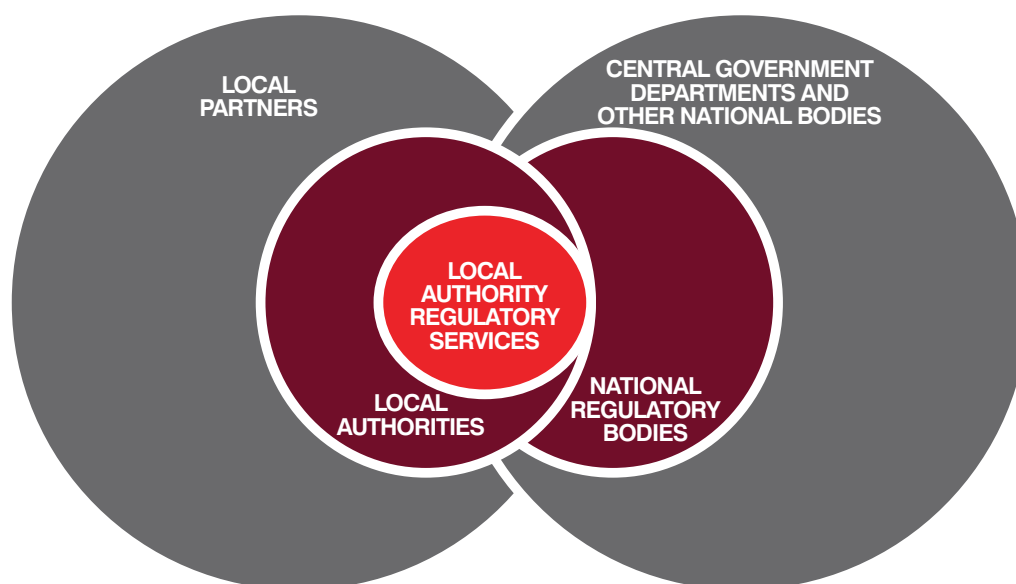
The regulatory services of local authorities protect us from harm and fraud, and deliver economic prosperity. They help to ensure that the air is clean, food is fit to eat, workplaces are safe and companies trade fairly. These are key aspects of our individual and collective wellbeing.

These important services are delivered by over 500 local authorities.<sup>1</sup> They differ considerably in terms of scale and capacity, and are influenced by many factors, including community expectations, government processes and the state of the economy. Their provision costs around £1.29 billion.<sup>2</sup>

Much good practice already exists, but there is room for significant improvement, and a clear need for change. LBRO was created by the Department for Business, Enterprise and Regulatory Reform (BERR)<sup>3</sup> in September 2007,

in order to drive the regulatory reform agenda at community level, and to stimulate and support effective performance in environmental health, fire safety, licensing and trading standards. Our specific brief is to reduce the regulatory burdens on business, while maintaining or, where possible, enhancing the current levels of public and environmental protection.

We take a focused and partnership-based approach to our task, mindful of the complexity of the regulatory landscape. Our intention is to deliver verifiable improvements, realising meaningful benefits for business, consumers, workers and the environment. This strategy sets out our vision for success, summarises the challenges we face, describes how we will achieve change in order to meet our objectives, and states how we will measure progress.



<sup>1</sup> Unless the context requires otherwise, references to local authority regulatory services in this strategy include all services within LBRO's scope and therefore extend to those provided by fire authorities and port health authorities

<sup>2</sup> Total net expenditure in the UK excluding NI 2006-07 – Public Expenditure Statistical Analyses (PESA) 2008, published 21 April 2008, table 1.15

<sup>3</sup> BERR leads the government's drive to raise UK levels of productivity, create the conditions for business success, and strengthen the economic performance of all the regions. It directly employs over 2500 staff and has an annual budget of £3 billion

## Our Vision For Success

Our vision is based on securing positive demonstrable differences for our stakeholder groups. We will measure our success in terms of the improvements we envisage for each, which are as follows:

### **For businesses:**

Legislation is simpler to understand and its interpretation and enforcement are consistent across the UK. Time and cost savings arise from streamlined procedures. There is improved access to expert advice about regulatory issues that businesses can trust, giving them more confidence to invest and grow. Burdens on the law-abiding are reduced, due to the curtailment of unnecessary intervention and protection from unfair competition. Companies have a greater say in local regulation, both directly and through their representative bodies, resulting in policy reflecting the real issues of concern. Many businesses benefit from working in closer partnership with their local authority.



### **For communities:**

People are better protected from rogue traders, in a consistent way across the UK. Consumers express more satisfaction with the service they receive and their voice is heard in local regulation. Proper consideration is given to the health and safety of employees, whatever their circumstances. Local environments are more valued by those living or working there, due to factors such as improved air quality and reduced fly-tipping, supported by effective community initiatives.

### **For local authority regulatory services:**

Legislation is easier to advise on and apply. Time and cost savings result from streamlined procedures and the reduction of burdens resulting from the adoption of common frameworks. The principles of better regulation are understood and accepted. Self-assessment and development are the rule, with reference to a single standard of excellence. A partnership approach to working with businesses is common and there are fewer upheld appeals against sanctioning decisions.

### **For national regulators and other partners:**

Policy goals are achieved through the active engagement of national and local regulators in a cohesive system. Clear relationships exist with local authority regulatory services, while open communications channels enable changes in priorities to be well signalled and managed, achieving both flexibility and assurance. The messages sent to local authorities are consistent, allowing them to focus resources in a way that meets community and national needs and assists with the creation of prosperity.

## The Challenges Facing Local Regulation

Regulatory services are delivered by 526 local authorities across the UK. The wider system in which they operate – involving around a further 150 organizations – was discussed in the Hampton Review.<sup>4</sup> This highlighted the impact of the complexity of the resulting interactions on those affected by legislation.

### Spotlight: The relationship between central and local government

This has evolved in recent years towards clearer roles and responsibilities for both partners, as spelt out in the Central-local Concordat and the National Improvement and Efficiency Strategy. It is the right of central government to set national policies and the right of councils to address the priorities of their communities. Both share the objectives of nurturing business and creating prosperity.<sup>5</sup>

Regulatory services take up a small proportion of local authority expenditure: just under one per cent of the total of £130 billion in 2006-07.<sup>6</sup> National priorities to guide the targeting of resources were introduced in the Rogers Review.<sup>7</sup>

There is much good practice but at the same time room for significant improvement within local authority regulatory services. Our work draws on our understanding – developed by engaging with a broad range of stakeholders – of the current issues and challenges faced, plus those affecting national regulators, professional bodies, businesses and communities.

The evidence base is incomplete, necessitating an over-reliance on perceptions in some areas. Our initial response has been to map the local regulatory landscape and produce a guide to the complex relations between more than 500 organizations. This established for the first time a clear picture of how local regulation operates in practice. To build upon this, we are now working with our partners to develop more reliable measures of the system and the impact of services.

The issues and challenges facing local authority regulatory services can be categorised into four main themes:

- 1 The difficulties caused by conflicting signals and messages from national bodies, including central policy department and regulators**
- 2 The need for regulatory services to be outcome-focused, emphasizing how activities contribute to delivering community priorities**
- 3 The structural barriers to change due to the complexity of the regulatory system**
- 4 The burdens on compliant businesses created by unnecessary inconsistency of enforcement**

There is a necessary tension between regulating businesses operating across council boundaries consistently and retaining the flexibility to prioritise and respond to community issues in each of these council areas.

Factors that drive the need for consistency across the UK include providing equality of protection for consumers and workers, improving regulatory compliance, and ensuring a competitive marketplace. Conversely, there is a clear requirement for local authorities to retain the flexibility to respond to the issues affecting their communities.



### Spotlight: LBRO Business Satisfaction Survey

We commissioned Ipsos MORI to research how 1000 senior managers at companies based in England or Wales viewed the enforcement of environmental health, fire safety, licensing and trading standards. Of the participants who had contact with three or more councils, 33 per cent thought the advice they received was very or fairly inconsistent, and 22 per cent believed it was very or fairly likely they would enter into a Primary Authority partnership.

Specific services viewed as either very or fairly important by the respondents included the following:

- Providing advice – 75 per cent
- Maintaining an ongoing relationship – 74 per cent
- Taking a joined-up approach to inspection – 63 per cent

<sup>4</sup> Philip Hampton, Hampton Review on Regulatory Inspections and Enforcement, March 2005

<sup>5</sup> Central-local Concordat, signed between HM Government and the Local Government Association on the 12th December 2007

<sup>6</sup> Public Expenditure Statistical Analyses (PESA) 2008, published 21 April 2008, table 9.13

<sup>7</sup> Peter Rogers, National Enforcement Priorities for Local Authority Regulatory Services, March 2007

## Our First Steps and Statutory Functions



Following formation in September 2007, we have worked to build the firm foundation for an organization that is fit for purpose. Key aspects are operational excellence, good governance, partnership development and open dialogue.

We have established the operational team and begun to build constructive working relationships with the departments, national regulators, local government organizations and professional bodies concerned with better local legislation. Our aim is to forge a coalition committed to establishing a fully coordinated, world-class service.

We have engaged a wide range of stakeholders, including business and consumer groups<sup>8</sup> and senior figures in local authorities in the UK. This strategy was produced after an extensive consultation process that also directly influenced our corporate plan, which details our projects, their intended impact and how we will measure progress towards them.



We also worked closely with the BERR Bill team to support the passage of the Regulatory Enforcement and Sanctions Act 2008 through Parliament. Following its Royal Assent in July, we have six key statutory functions:

- Operate the Primary Authority scheme
- Advise the government on local regulation
- Issue guidance to local authorities
- Manage the list of national enforcement priorities
- Encourage innovation and good practice
- Develop formal partnerships with national regulators

The Act also stipulates that LBRO's achievements will be the subject of a statutory review in 2011.

<sup>8</sup> These include the Confederation of British Industry, the British Retail Consortium and Consumer Focus

## Our Strategy

We encourage the provision of local authority regulatory services in a way that accords with the principles of better regulation, avoids unnecessary burdens on businesses or individuals, and is:

- **Accountable** – activities should be open to public scrutiny, with clear and accessible policies, and fair and efficient complaints procedures.
- **Targeted** – resources should be focused on high-risk enterprises, reflecting local need and national priorities.
- **Proportionate** – enforcement action should reflect the level of risk to the public and the penalty should relate to the seriousness of the offence.
- **Consistent** – advice to business should be reliable and robust and applicable in different parts of the country. Services should operate in similar ways in similar circumstances.
- **Transparent** – businesses should be able to understand what is expected from them by local regulators and what they can anticipate in return.

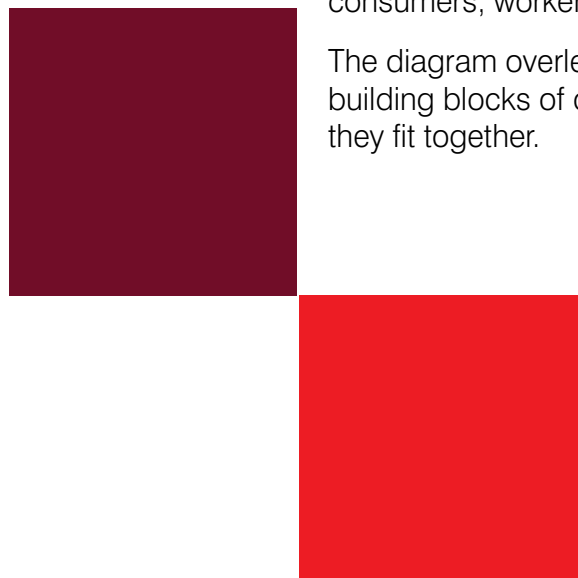
Our purpose is to improve the application of environmental health, fire safety, licensing and trading standards regulations, by reducing unnecessary red-tape for law-abiding companies, to allow greater focus on targeting the rogue traders who harm vulnerable people and damage our communities. We will work to make it easier for local authorities to advise on and apply the rules, and simpler for businesses to understand them. We expect that cost savings due to streamlined procedures will result for both parties.

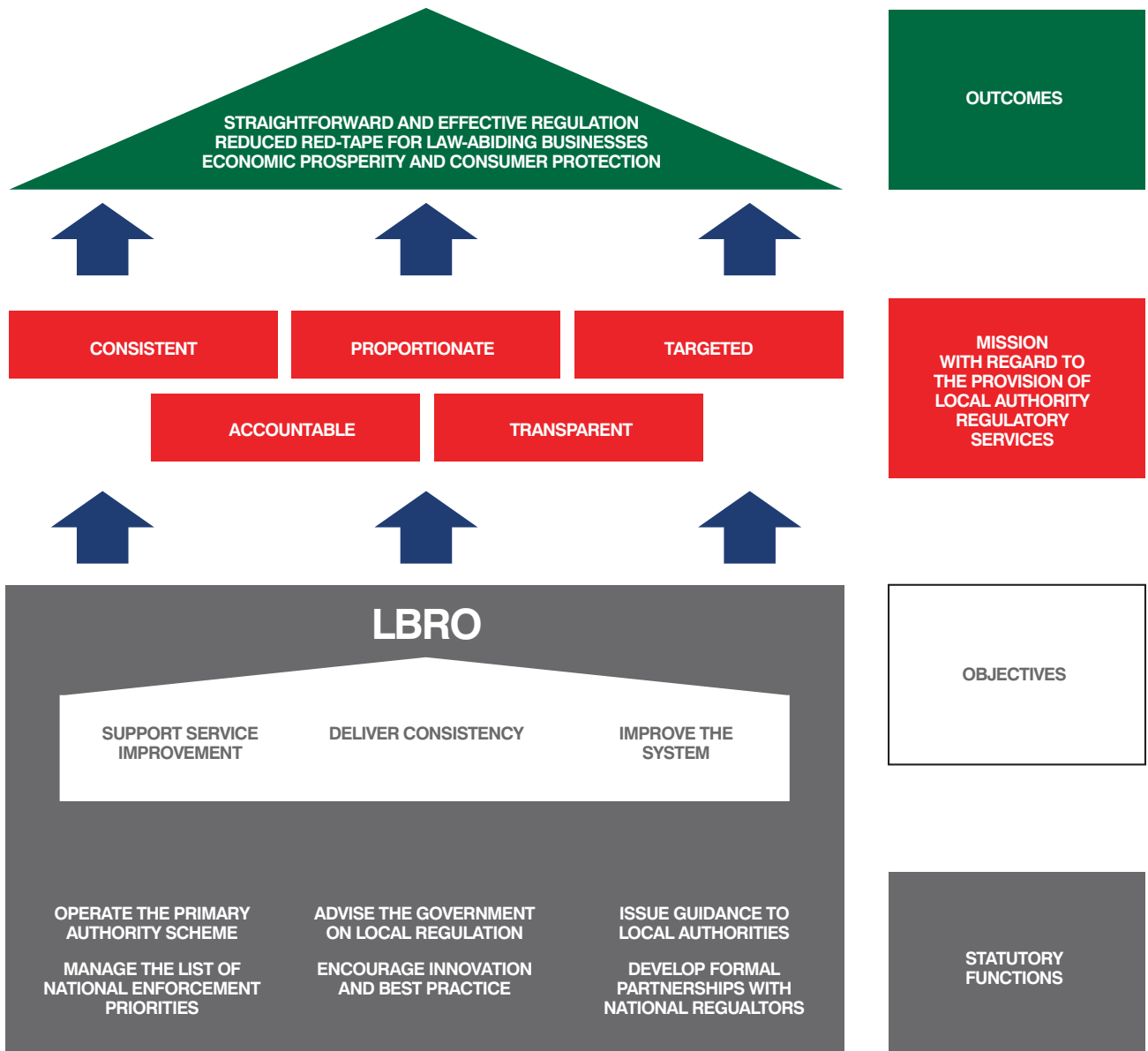
Our objectives are threefold:

- To support the improvement of local authority regulatory services
- To deliver consistency across council boundaries, primarily through the Primary Authority scheme
- To enhance the local regulatory system

As a result of our work we expect to make a difference to communities, by supporting improved economic prosperity, sustainable business growth and general health and well-being – through better protection for consumers, workers and the environment.

The diagram overleaf summarises the building blocks of our strategy, and how they fit together.





We will pursue our three main objectives through a series of linked programmes, developed in consultation with our stakeholders. Collaborative delivery is at the heart of our approach: our programmes will be introduced in partnership with the local authorities and relevant stakeholders. They will also be piloted or tested to confirm they are robust, fit for purpose, and capable of meeting changing needs in the years ahead. We will encourage the achievement of excellence via continuous sector-led self-assessment and development, in accordance with the Central-local Concordat and the national and regional improvement and efficiency strategies.

### **Objective 1: Support the Improvement of Services**

Local authority regulators enforce an extensive range of legislation and must strike a balance between meeting community needs and addressing the priorities of the country as a whole. In 2007, to clarify what it saw as the most important issues, the Government first published the national enforcement priorities. Updating these is one of our statutory responsibilities.

Best practice in local regulatory activity will be identified, evaluated and promoted, with innovation encouraged through programme funding. This work will be supported by the publication of statutory and informal guidance to local authorities, following appropriate consultation. A variety of tools and techniques will be created to assist with service planning and prioritisation, including advice on the blending of national concerns with community needs, and encouraging local authorities to work together where appropriate to tackle cross boundary issues.

We will also help councils to equip regulatory services' officers with the skills and capabilities to lead and deliver change. This initiative will focus on the nature of the relationship with businesses, and any capacity issues acting as barriers to improvement. Central to this programme will be our work on the Retail Enforcement Pilot. The lessons learned from this will be evaluated and the findings disseminated widely.

### **Spotlight: Investing in Local Authorities**

Through our programme funding, we are committed to supporting sector-led improvement and innovation. Three examples follow:

- We are contributing to the regional coordination funding to build capacity, in partnership with BERR and OFT.
- We are sponsoring the 'Cutting Red-Tape' theme in Round 10 of the Beacon award scheme, designed to identify and promote excellence and innovation by councils, and overseen by Communities and Local Government.
- We are match-funding the fees for strategic leadership development of a cohort of senior personnel from the regulatory services with LACoRS.

## **Objective 2: Deliver Consistency**

From April 2009, LBRO will be responsible for the Primary Authority scheme, which ensures that businesses trading across council boundaries are regulated in a consistent way. It gives firms the legal right for the first time to form a partnership with a 'primary authority', providing robust and reliable advice on compliance that other councils must take into account, and setting inspection plans to guide and coordinate activity.

We are consulting with stakeholders to develop the necessary legal framework based on the principles of the scheme set out in the Regulatory Enforcement and Sanctions Act 2008.

### **Spotlight: Primary Authority**

Prior to delivering the scheme to all eligible companies, we are working with major UK retailers and local authorities to test that its procedures and associated guidance are robust, fit for purpose and capable of meeting changing needs in the years ahead. We are also developing the necessary IT infrastructure.

<sup>9</sup> Under the provisions of the Regulatory Enforcement and Sanctions Act, memoranda of understanding are required with the Environment Agency, Food Standards Agency, Gambling Commission, Health and Safety Executive and Office of Fair Trading. However, given the nature of our mission and our commitment to partnership development, we are working towards similar agreements with other key stakeholders

## **Objective 3: Enhance the Regulatory System**

We are seeking to create a common standard of excellence, endorsed by our coalition of partners, to help local authorities to consider their current performance and to provide the yardstick for measuring progress. One aspect of this is the removal of barriers to achievement of excellence.

We have a statutory role to provide both proactive and reactive advice to government on existing local regulation, extending to the design, implementation and impact of new legislation. This is done with our partners, and underpinned by statutory memoranda of understanding in some cases.<sup>9</sup> In addition, we are developing a common understanding of the regulatory structure, with the aim of improving the quality of the communications received by local authorities, to encourage more evidence-based policy making.

### **Spotlight: World class system**

We are developing common frameworks – consistent and rigorous approaches – to a number of issues all councils face, including data sharing, impact assessment, priorities and risk, to facilitate others to address the inter-dependencies between different bodies involved in local regulation. Our aim is simple: to produce a world-class system.

## Measures of Success

Our vision for success (described on page four) will be achieved only with our partners, through the involvement of businesses and councils, and by keeping the needs of consumers firmly in mind. We have identified clear links with existing performance measures where we can support the achievement of targets and help to deliver lasting improvements.

- By encouraging better regulatory services, we will give increased scope for local authorities to improve levels of business satisfaction.<sup>10</sup>
- By delivering the Primary Authority scheme effectively, we will contribute to the requirement to reduce the administrative burden on businesses by 25 per cent by 2010 (by comparison with 2005).<sup>11</sup>
- By rationalizing the public sector data requests sent to councils by national regulators and government departments, we will assist the aim to reduce the number of requests by 30 per cent.<sup>12</sup>
- By enhancing the regulatory system – including the provision of evidence-based advice to government – we will assist policy departments in gauging the benefits and costs of all new regulations.<sup>13</sup>

Our progress towards delivering better outcomes is measured through our own performance indicators, at both one and three-year intervals, assessing the impact of change on local authorities, businesses and others affected by local regulation. These have been agreed with BERR and are detailed in our corporate plan 2008-11.



<sup>10</sup> National Indicator 182 – Satisfaction of business with local authority regulatory services

<sup>11</sup> Public Service Agreement Indicator 6 – Deliver commitments to administrative burdens reductions

<sup>12</sup> Regulatory Reform Committee inquiry: 'Getting Results: The Better Regulation Executive and the Impact of the Regulatory Reform Agenda'

<sup>13</sup> Public Service Agreement Indicator 5 – Deliver better regulation that works for everyone

## Governance and Resources

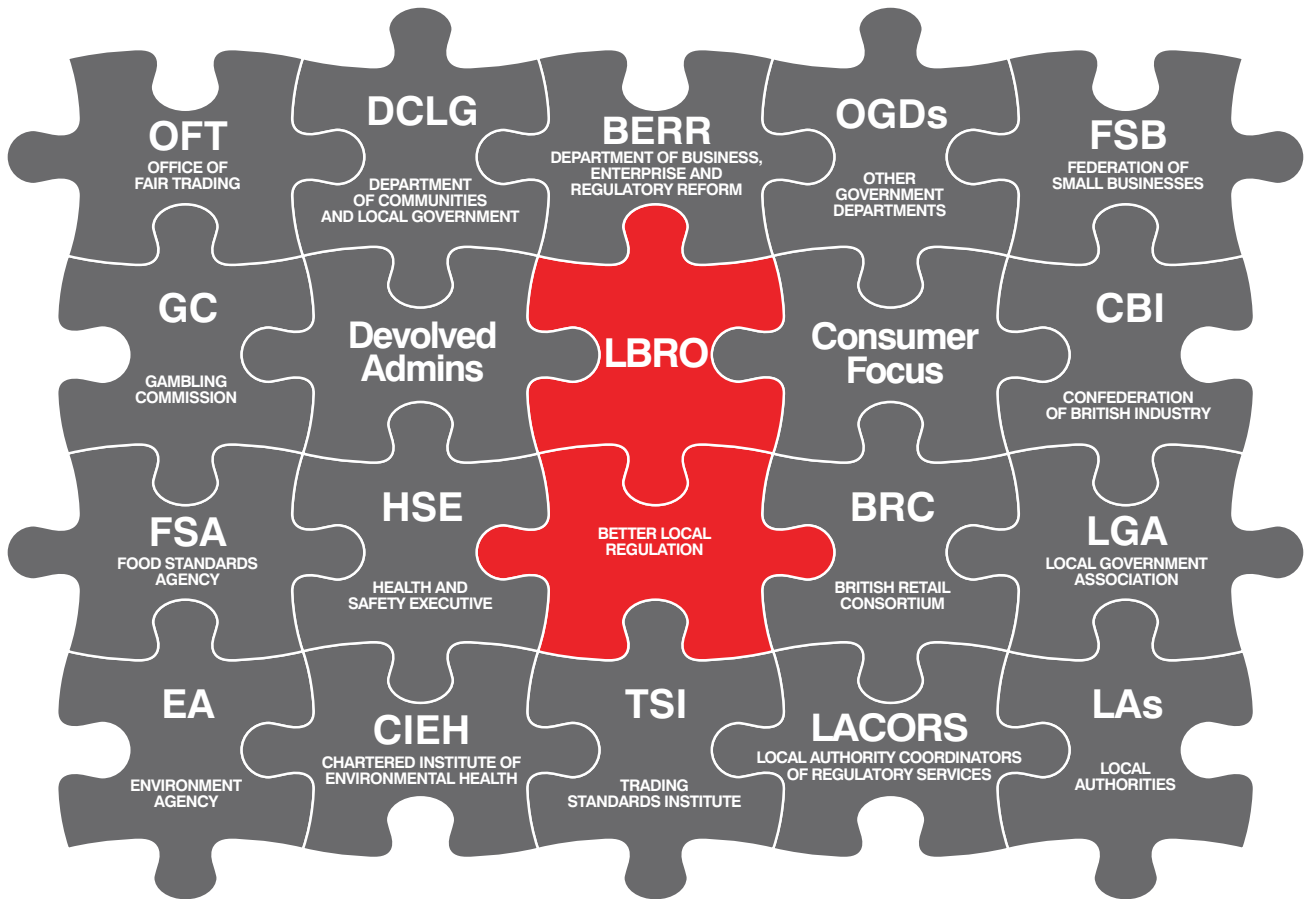
LBRO was incorporated as a government-owned limited company in 2007. Following the commencement of the Regulatory Enforcement and Sanctions Act on 1 October 2008, we now operate as an executive non-departmental public body (NDPB), accountable to BERR through the Better Regulation Executive. Our budget for the financial year 2008-09 is £4.4 million.

The organization is governed by an independent Board with extensive experience of business, consumer issues, national regulation, advocacy and local government. Its nine members – eight non-executive (including the Chair) and one ex-officio (the Chief Executive) – together provide leadership and act as ambassadors. The executive of LBRO, based in central Birmingham, numbers around 25 people, with diverse backgrounds in the public and private sectors. It delivers the Board's vision and strategy, and supplies the information required to inform its decision-making.



While we have a remit that covers the whole of the UK, its extent varies, so we liaise with the devolved administrations to ensure our work in Wales, Scotland and Northern Ireland is appropriate to the unique constitutional position of each. We will continue to develop our strategy, publishing versions tailored to the devolved administrations in years to come.

## Working Together For Change



The landscape in which we operate is complicated; many factors influence local authority regulatory services. To achieve our purpose, engagement is essential. We seek to communicate in an open and transparent manner, in order to understand stakeholders' experiences and perceptions and agree a shared agenda to move towards success. We have already started to work with a number of key stakeholder organizations and pilot local authorities.

### Spotlight: Working With LACoRS

We respect the experience and achievements of LACoRS, which coordinates the provision of regulatory services throughout the UK. Its core activities and ours are mutually compatible. Both organizations promote sector-led innovation and take a partnership-based approach to activity. We are working together to determine how we can cooperate effectively to encourage best practice and support the better regulation agenda. Although our goals are similar, our remits and methods differ, due in part to our statutory basis and LACoRS role as a representative body.

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### **Further Information**

This strategy is accompanied by and aligned with our three year corporate plan and one year business plan, which contain more detail on our programmes, projects, performance indicators, governance arrangements and projected spend. Other key documents include the management statement and financial memorandum agreed with our sponsor department BERR. In addition, we have now published our first annual report and summary review for 2007-08. To view all these documents or for further information on our activities, please visit [www.lbro.org.uk](http://www.lbro.org.uk). Alternatively, contact Senior Policy Manager Kate Cross at [kate.cross@lbro.org.uk](mailto:kate.cross@lbro.org.uk) or via our Birmingham office number 0121 226 4000.

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