

**Better Local
Regulation:
Supporting
Businesses in
Recession and
Beyond**

LBRO
Local Better Regulation Office

April 2009

Foreword

The Local Better Regulation Office (LBRO) has prepared this advice and guidance to support local authorities in England and Wales in providing more effective regulatory services in recession and beyond.

The economic crisis is having a serious impact on many local communities. Businesses are struggling as a result of the combination of restricted access to credit and reduced consumer confidence, while households are subject to greater uncertainty and unemployment. Local authorities are not immune from the difficulties: pressure on budgets has increased, at a time when demand for services is rising.

The perceived failures of regulation associated with the crisis in financial markets have been widely reported. The nature and role of regulation have been the subject of public debate, with many calling for greater, more stringent regulation. In these times, it is important that regulation is more effective in safeguarding the protection of consumers and communities in order to avoid undermining confidence, while ensuring that regulatory frameworks support economic efficiency.

Local authority regulatory services – environmental health, fire safety, licensing and trading standards – already play an important part in delivering outcomes that matter to communities and local economies. Their role is especially important in supporting prosperity during difficult economic conditions by providing accessible authoritative advice to businesses and minimising the burdens of regulation, while maintaining and improving essential protection for consumers.

In the current challenging environment for business and communities, our role is to work together with regulatory services, the local government sector and businesses to ensure that local regulation provides proper protection and prepares for recovery and growth.

We value your views and will take them into account in producing the final version of this guide by the Local Government Association's Annual Conference in July. We aim to take a co-production approach to developing this advice and guidance by working closely with the sector, both with those responsible for delivering regulation, including the Local Authorities Coordinators of Regulatory Services (LACoRS), and with those that directly benefit from better local regulation: businesses and consumers. We hope that this draft and the final guide will enable leaders, cabinet members, elected members and chief executives to reflect on the contribution that regulatory services can make in local authority responses.



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April 2009

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 Local Authorities Coordinators of Regulatory Services
 Leicester City Council
 Local Government Association
 London Councils
 Office of Fair Trading
 Welsh Assembly Government

Responding to the consultation draft

Consultation on this draft guide closes on Friday 29 May 2009. Please send responses to:

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Post: Supporting Business Consultation
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The Axis
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We will be developing this advice and guidance in conjunction with the sector, including an inclusive conversation with local government bodies and business and consumer representative groups. Engagement activity includes:

- working closely with sector and local government bodies – including LACoRS, the Department for Communities and Local Government (CLG), the Welsh Assembly Government, the Welsh Local Government Association and the LBRO reference panel of local authority regulatory services – in order to capture views and examples of practice from the sector;
- consulting businesses through our relationships with key trade and representative bodies – including the Confederation of British Industry, the Federation of Small Businesses, the British Retail Consortium, the British Chambers of Commerce, and the Institute of Directors – to ensure that this advice and guidance meets the needs of businesses; and
- hosting a number of round table events with the Municipal Journal and the Society of Local Authority Chief Executives (SOLACE) in order to discuss effective responses by local government.

We will publish a summary of responses to this draft advice and guidance on the LBRO website at www.lbro.org.uk. The final guide will be published in July 2009.

Questions

LBRO welcomes your views on all aspects of this draft, but in particular seeks responses to the following questions:

1. Will the ideas in section 1 help local authorities to drive improvement in regulatory services?
2. Will the ideas in section 2 help local authorities to strengthen local recovery plans to support businesses and communities during the recession and prepare for growth?
3. Will the draft guide support local authorities in addressing both local needs and national priorities and in working with partners to support prosperity?
4. Does the draft guide focus on the importance of maintaining and improving protection for consumers, workers and the environment, as well as compliant businesses, during the recession and beyond?

Introduction

Under the Regulatory Enforcement and Sanctions Act 2008, the Local Better Regulation Office (LBRO) has been set up to secure the more effective performance of local authority regulatory services.¹ This guide has been written for local authority leaders, cabinet members, elected members and chief executives to explain the principles they should take into account when considering the contribution their regulatory services can make to local economic prosperity and business growth.

It is set out in two sections and illustrated by innovative practice from local authorities, although we could include only a few examples of the many initiatives. Section 1 provides an introduction to the principles of better regulation and suggests approaches that local authority regulatory services should take when considering service improvements which will support both prosperity and protection. Section 2 makes specific practical proposals for ways in which local authorities can harness the potential of regulatory services locally, alongside other business-facing services, during the recession.

We hope that this guide will help local authorities to support businesses and communities both in the current difficult economic conditions and in preparation for development and growth in the future.

Quick start guide	
<p>Effective local authority regulatory services</p> <p>In line with principles of better regulation, local authorities should consider the following approaches when reflecting on service improvement in regulatory services:</p>	
<p>Performance management to secure continuous improvement</p>	<p>Apply the practice and principles of continuous improvement to regulatory services, embedding robust performance management that supports a culture attuned to the needs of business and communities.</p>
<p>Outcome-focused partnership and collaboration</p>	<p>Maximise the use of resources by encouraging regulatory services to concentrate activity on delivering better outcomes for local people through partnership and considering options for greater collaboration, such as shared services.</p>
<p>Delivering better regulation in recession and beyond</p> <p>Local authorities should consider four approaches when looking to maximise the contribution regulatory services can make in the recession:</p>	
<p>Signposted assistance</p>	<p>Take advantage of the direct relationship between regulatory services and local businesses in order to improve signposting to wider support and guidance.</p>
<p>Engaging to understand business needs</p>	<p>Build on the engagement that regulatory services have with local businesses in order to gather and disseminate information on business needs.</p>
<p>Effective targeting</p>	<p>Target service provision in the light of the economic profile of the area and the opportunities and threats presented.</p>
<p>Delivering local priorities</p>	<p>Develop collaborative approaches to the delivery of regulatory services that match local priorities and the needs of businesses and consumers.</p>

SECTION 1

Effective local authority regulatory services

The changes made to both the performance framework for local government in England, and the Wales Programme for Improvement² emphasise the delivery of better outcomes for local people through partnership and collaboration.

The general power of wellbeing³ and the duty both to cooperate with partners and to inform, involve and consult local people in improving local services and quality of life⁴ underpin the place-shaping role of local authorities. Place-shaping is the means to achieve shared ambitions in order to create attractive, prosperous, vibrant, safe and strong communities where people want to live, work, do business and realise outcomes of stronger local and national prosperity. These broad responsibilities provide a dual focus on both prosperity and protection that can be delivered through effective regulatory services.

There is a clear shared commitment between local authorities and central government to deliver further improvement in public services. The Central-Local Concordat sets out the role for local government to lead improvement, with a focus on innovation, strong leadership and partnership delivery, supported by dedicated resources, tools and techniques that will enable local authorities to self-assess their progress and identify the improvement challenges they face.

The following approaches are intended to help local authorities deliver their regulatory services in the context of this new performance framework, the national performance indicators and comprehensive area assessment, based on the principles of better regulation.

Principles of better regulation

Local authorities should take account of the principles of better regulation to support improvement in regulatory services. Since April 2008, all local authorities in England have been under a statutory duty to have regard to the better regulation principles⁵ and the Regulators' Compliance Code. The five principles of better regulation provide the basis for a risk-based, proportionate and targeted approach to enforcement by regulators and a new relationship between regulatory services and business:

- **Targeted** – resources should be focused on higher-risk enterprises, reflecting local need and national priorities. The aim is to create a 'level playing field' for businesses to ensure that rogue traders are identified and compliant businesses and consumers are protected.
- **Proportionate** – enforcement action should reflect the level of risk to the public and the penalty should relate to the seriousness of the offence.⁶ This increases compliance without creating unfair burdens on businesses.
- **Consistent** – advice to business should be reliable and robust and applicable in different parts of the country. Where circumstances are similar, authorities should act in similar ways. Improved access to expert advice about regulatory issues that businesses can trust gives them more confidence to invest and grow.
- **Transparent** – businesses should be able to understand what is expected of them by local regulators and what they can anticipate in return. This builds trust between regulators and the regulated, increasing efficiency and improving outcomes.

- **Accountable** – activities should be open to public scrutiny, with clear and accessible policies, and fair and efficient complaints procedures. This allows businesses and communities to shape the services they receive.

These principles should underpin how local authority regulatory services work with businesses, encourage regulatory services to see businesses – whether compliant or not – as customers of the service, and build an appropriate relationship between business and the regulators. The following examples demonstrate how local authorities are doing this.

Cutting costs for business through better regulation in Oldham

Oldham Metropolitan Borough Council carried out a comprehensive review of its taxi and private hire licensing in 2008 in order to establish how it could better meet its objective of ensuring safe passenger journeys in safe vehicles with safe drivers. As a result of this review, it has launched a 'star rating' scheme which provides useful consumer information and brings clear financial benefits to those businesses that improve their compliance. Early feedback from business is that the benefits awarded to companies with the highest rating will help to encourage drivers to seek training and become better at their job.

Under the scheme, all private hire operators are awarded up to four stars on audit and all vehicles will be required to display their operator's star rating from April 2009, giving customers a clear indication of which vehicles are run by the best operators. While the scheme has been designed for the private hire market, the authority is allowing hackney carriage operators, who have seen the potential benefits for their business, to participate in the scheme on a voluntary basis.

Those firms that achieve three or four stars benefit from reduced costs and lighter-touch regulation. The charge for an operator's licence now reflects both the size of the business and the star rating achieved. For a firm that is awarded four stars, the cost of an annual operator's licence has been cut by at least 20 per cent, with the smallest operators seeing a potential saving of 73 per cent. A four-star operator will also benefit from a reduction in the frequency of routine compliance audits, from six monthly to once every 18 months.

The authority has relaxed its rules on advertising for three- and four-star firms, allowing them to place advertising inside their vehicles, and on the exterior of purpose-built hackney carriages, opening up a valuable source of revenue for these businesses and providing a further incentive for operators to improve their compliance.

At the other end of the scale, firms that are awarded no stars face higher charges for their operator's licence, and monthly compliance audits, which the local authority is able to fund through resources released by the reduced checks on compliant businesses.

A targeted advice and guidance resource

The basic concept of the Business Advice Project is simple – to provide regulatory services information in an innovative way that will make it more accessible and useful for businesses. The project aims to provide businesses with consistent guidance, which will:

- simplify and interpret the legislation;
- provide sector specific advice and information for businesses, so they have appropriately targeted advice;
- assist businesses to prioritise the work they need to do in order to meet the legal requirements;
- be tailored to include all of the legislation that is applicable to the particular activities of the business;
- be easy to access, timely, easy to understand and use simple checklists;
- give clear instructions on how to comply; and
- increase transparency about the likely outcome if the business fails to comply with particular requirements.

This approach will reduce the amount of time that a business has to spend checking legislation to see whether it is relevant, and then understanding the legal requirements and how they apply to their activities. Businesses will be able to prioritise the allocation of resources to those compliance activities that require the most immediate action.

The project, which was initially championed by ten local authorities in the East of England,⁷ is seeking to respond to the needs expressed by business by providing a collaborative web based regulatory advice resource which will allow local authorities to provide consistent, coordinated, targeted and prioritised regulatory advice and information to businesses from any sector.

The project has received the support of all of the English and Welsh regional trading standards groups and the web-based trading standards resource will be rolled out nationally. Preliminary scoping work has been carried out to extend the project across other regulatory areas beginning with environmental health and in the future looking to incorporate fire and rescue and licensing, with the ultimate aim of developing this web based resource as a national one-stop-shop for advice and guidance to businesses by local authority regulatory services. Funding is currently in place to deliver the national trading standards element of the web-based solution and funding to enable the expansion of the project to accommodate the other regulatory areas is actively being sought.

The development of the project is informed by regional consultation with a wide range of businesses. It aims to address business concerns about overly complex information on legislation, difficulties identifying applicable legislation, and a lack of consistency in the provision of advice by different local authorities. Extensive consultation with business will continue as the project develops, to ensure that the original intention of the project is upheld – to deliver business advice and information in the way that businesses want. The project will generate efficiencies for local authority regulatory services and will significantly reduce duplication of effort.

Performance management to secure continuous improvement

Sector-led improvement by local authorities will address the challenges they face, both collectively and individually, in delivering effective regulatory services that meet the needs of business as well as those of citizens and communities. Although the improvement journeys of all local authority regulatory services will be different, they face common challenges such as effective leadership, democratic engagement, robust prioritisation, performance management, and relevance among the competing priorities of the local authority. Addressing these requires a performance management culture of continuous and reflective improvement.

A clear sense of purpose for regulatory services focused on local needs involves a cultural shift from statutory enforcement obligations towards the effective use of regulation as a means to secure compliance and deliver outcomes. This means working closely with businesses, partner organisations and local communities and ensuring effective democratic engagement so that services are tuned to the needs of the area.

Many local authorities have already begun to develop local regulatory services using approaches taken from programmes of local public service reform. LBRO, working with LACoRS, national regulators and local government bodies, is supporting local authorities by providing tools and techniques to allow local authority regulatory services to self-assess their progress and identify the improvement challenges they face.⁸

Outcome-focused partnership and collaboration

Regulatory services have much to contribute to the delivery of prosperous communities across the country. There are many examples of regulatory services contributing to the agreed national and local priorities contained within local area agreements and the national indicator set.

The contribution of regulatory services, working with partners including primary care trusts, national regulators, the police and crime and disorder reduction partnerships, is evident in relation to local outcomes that support community well-being and economic prosperity. These include reducing the number of working days lost through ill health, improving rates of childhood obesity, reducing alcohol-related violence, delivering sustainable and affordable housing, and reducing carbon emissions. In so doing they are also contributing to many of the most commonly selected national indicators for inclusion within local area agreements.⁹

In a time of economic recession, and increasingly tight financial settlements for local authorities, it is more than ever appropriate to ensure that opportunities are taken to optimise the use of local regulatory resources, in line with the National Improvement and Efficiency Strategy.¹⁰ The resources deployed through councils' regulatory services need to be balanced with the risks faced by the communities they serve, and this will mean differences in resource levels according to local conditions. The information currently available, which is incomplete, indicates wide variation in local authority expenditure on regulatory services, and merits consideration to ensure differences are soundly based on local priorities and local needs.¹¹ To ensure efficient and effective services, it is important to achieve an appropriate balance between the responsibilities entrusted to local authority regulatory services and the resources required to deliver against them.

Better Health at Work in Kirklees

The Kirklees Better Health at Work project is an innovative approach to addressing work-related ill health and has demonstrated that the provision of carefully tailored support services to both businesses and workers can have a significant impact on working days lost and claims for incapacity benefit.

During an initial pilot period, the project helped employers to increase productivity by reducing sickness absence and associated costs and to improve understanding of health and safety legislation among employers and employees. The project aimed to deliver significant reductions in new Incapacity Benefit claims and working days lost due to work-related ill health. Targets of a 2 per cent reduction over two years and 3 per cent reduction over three years respectively were negotiated under a local public service agreement with the Department for Work and Pensions and both of these targets have been exceeded.

Better Health at Work was established as a pilot project in 2004 by Kirklees Metropolitan Council, working in partnership with the local primary care trusts,¹² JobCentre Plus and the Health and Safety Executive, to provide a comprehensive occupational health and safety (OHS) support service for local businesses and workers.

The project provides the following services, all of which are confidential and free to clients:

- a telephone advice line providing OHS support and guidance to employees and businesses;
- occupational health advice to workers, and signposting to other local service such as ACAS and Citizens Advice; and
- on site delivery of occupational health and safety support and advice to small and medium-sized enterprises (SMEs) and their employees.

The Better Health at Work team has worked closely with a wide range of partners to establish a referral network and to encourage use of the service. Independent evaluation of the pilot project on behalf of the Health and Safety Executive¹³ identified the importance of the team's working relationship with the local authority's enforcement officers, both in terms of providing valuable contacts with SMEs and potentially as an additional driver to encourage less motivated businesses to use the service.

The team also benefited from links with the Kirklees Business Partnership, a well-established partnership of local and national regulators, and was able to take advantage of the partnership's good working relationship with local businesses in order to promote its services.

For further details, refer to www.betterhealthatwork.org.uk

Achieving both efficiency and effectiveness may include exploring the potential of shared services for regulatory services and regional collaboration and coordination through the Regional Improvement and Efficiency Partnerships. The experience of local authorities entering into partnership arrangements to deliver regulatory functions has been one of increased efficiencies and greater impact. This is in addition to wider advantages, such as sharing best practice and expertise, and career development. Regional collaboration brings benefits to both local authorities and customers of the service by improving coordination and consistency, providing a stronger voice to government, and identifying and exploiting alternative funding sources.

Collaboration that improves cross-boundary working in regulatory services can take a number of forms. The options can include closer working between services within unitary authorities and across districts and counties in two-tier areas, partnerships between authorities at a regional or sub-regional level, and sharing of resources including specialist staff, dedicated equipment and intelligence assets.

Improving compliance through raining provision: shared services in Greater Manchester

Business Regulation Solutions (BRS) is a not-for-profit business support company established by local authority regulatory services¹⁴ in October 2007 in order to assist businesses in the Greater Manchester area in improving their compliance with a range of regulations. The strengths of this approach include:

- Training is provided on a commercial basis, delivering cost savings for the local authorities and the Greater Manchester Fire and Rescue Service.
- The company is well placed to attract funding for the whole conurbation. For example, a successful bid to the Food Standards Agency in 2008 for £100k is allowing BRS to provide free support to 400 hard-to-reach SMEs as part of the 'Safer food, better business' initiative.
- While operating on a not-for-profit basis, BRS generates surplus income from certain activities that can be used to develop new services for business, and which will in the future be used to subsidise activities where a particular need is identified.
- The company is able to provide local businesses with improved access to training. In its first year of trading, it delivered over 200 training courses to 2400 employees from more than 300 local businesses.
- As part of the Manchester Solutions group of companies, working in partnership with the Greater Manchester Chamber of Commerce, BRS has an extensive customer base, and the opportunity to work closely with particular sectors through the groups' sector-based relationship with businesses.
- BRS is able to target the marketing of training and support services at businesses that have been identified by regulatory services officers as non-compliant and in need of support.
- Training can be delivered on behalf of national agencies in a cost-effective, efficient and coordinated manner across a wide area. For example, BRS is hosting an Office of Fair Trading event for estate agents from across Greater Manchester.

BRS works on a sectoral basis and customizes its services to meet specific business needs. For example, a focus on the needs of the care sector has allowed BRS to develop a cost-effective training package, which combines face-to-face training delivered in short sessions at business premises, with CD-ROM based and online materials, concentrating on those areas of regulation that are the highest priority for this sector.

Satisfaction levels with the training provided are very high, with all delegates rating the training as 'excellent' or 'good' at the end of their course. Businesses agree that the services received offer value for money and follow-up surveys have established that 97 per cent of businesses felt that the support provided had a positive effect on safety in their workplace. BRS and the Greater Manchester Public Protection Partnership, are committed to evaluating the impact of delivered training on business compliance and risk rating over time.

For further details, refer to www.business-regulation-solutions.co.uk

SECTION 2

Delivering better regulation in recession and beyond

This section aims to help local authorities consider how regulatory services can contribute to support for business at the local level by providing tailored advice on regulatory matters, targeting areas for vigilance, suggesting deterrent activity, and developing solutions to local priorities. To be fully effective, local authority responses to the economic situation need to be timely, collaborative, and matched to local needs and circumstances.

This section focuses on four key approaches:

- **signposted assistance;**
- **engaging to understand business needs;**
- **effective targeting; and**
- **delivering local priorities.**

Signposted assistance

Regulatory services are often the visible face of local authorities in business communities. Over half of the face-to-face interactions between local businesses and local authorities are through regulatory services officers.¹⁵ They liaise with companies on an ongoing basis, applying their broad professional expertise to key issues such as workplace safety, fire prevention, licence applications and consumer protection. The Hampton Review¹⁶ encouraged regulatory services to consider businesses as customers and to help them comply with the law by providing practical advice and guidance. Authorities should take advantage of the face-to-face contact between regulatory officers and individual employers in order to provide the support that businesses find most useful.

One-stop shops

A number of local authorities have demonstrated their commitment to providing guidance to support local businesses and to make it easier for them to comply with regulations by establishing and maintaining 'One-stop shops' for businesses. These often operate as local business partnerships, which bring together local authority regulatory services, national regulators, local businesses and business support agencies.

Research consistently demonstrates that businesses want information on compliance but can be frustrated by not knowing where to find the information they need. Most partnerships offer local businesses a telephone helpline for all regulatory matters, saving the business the time that might otherwise be spent making multiple calls and explaining their query. Many also offer a newsletter, providing, for example, information on new or changing legislation, details of training courses and business events and information about the support that is available to businesses locally.

Firms can be signposted to local, regional or national organisations offering specialist support, including sources of advice on funding, financial management and employment. Information can also be provided on key local authority initiatives, such as improved procurement processes and small business rate relief.

The value of this face-to-face contact is maximised when there is a productive dialogue that delivers tangible benefits for companies. The owners of small businesses find visits a useful means of improving their profitability as well as their compliance, provided they are carefully planned and, if appropriate, pre-arranged.

Signposting business support

Central England Trading Standards Authorities (CEntSA), is working to demonstrate that a closer relationship between regulators and business support agencies such as Business Link can bring real advantages to local business.

CEntSA is a group of 14 authorities in the West Midlands,¹⁷ a region that previously had a sub-regional structure of five Business Link franchises. In 2007, the Regional Development Agency launched Business Link West Midlands (BLWM), a single entity covering the whole region, with a clear remit to improve the productivity of existing businesses and to help with the formation and survival of new businesses.

CEntSA identified the creation of a single operator in its region as an opportunity to develop a close working relationship between trading standards and Business Link. In 2008 the two organisations signed a memorandum of understanding and started to formalise arrangements for joint projects, with a strong focus on improving mutual understanding and signposting. For example, BLWM helps to fund a newsletter that is produced for local businesses by CEntSA and distributed by trading standards services across the region. A regular column in the newsletter presents case studies that highlight how support from Business Link has helped local businesses to succeed.

For examples of the newsletter, refer to www.centsa.org.uk/news.php

Engaging to understand business needs

An understanding of the specific needs of business communities is necessary in order to deliver effective tailored support. The nature of the relationship between regulatory officers and traders, together with their local knowledge and investigatory skills, places environmental health, fire safety and trading standards officers in a strong position to understand and articulate the concerns of businesses to a wider audience, in the local authority and with partners.¹⁸

The new local authority economic assessment duty – the requirement for local authorities to consider the economic conditions of the local area – will help to ensure that local authorities have a clear understanding of the conditions required in order for business to flourish in their area and for people to take advantage of economic opportunities. Local authorities will be required to start preparations for a new assessment from April 2010, with support provided both from CLG¹⁹ and the Improvement and Development Agency.

Although formal data and evidence are clearly vital for the creation of an economic profile, alternative sources are equally important, such as the perceptions of business and 'on the ground' intelligence. Regulatory services are ideally placed to engage with local businesses, local trade bodies and business organisations in order to help good working relationships between local authorities and the local business community, and to better understand local business issues, including support needs and particular challenges faced.

Closer integration and collaboration between regulatory services and economic development services can support businesses in preparing for long-term growth. The Improvement and Development Agency has produced a diagnostic tool designed to assist local authorities in fulfilling their role in place-shaping and promoting economic prosperity.²⁰ It is intended to help identify gaps in knowledge and assist local authorities to improve the performance of their local economy. This tool highlights the role of regulatory officers in engaging businesses to build the foundations for positive and prosperous relationships.

Effective targeting

When economic conditions are difficult, it is even more necessary for regulatory services to deliver focused and effective support to business. Information gathered for local economic assessments will highlight the particular economic conditions and challenges in localities. This will help local authorities and their partners to focus support in order to achieve the maximum benefit for businesses and the wider community, for example by providing tailored support to major local industries.

Targeted activity in the South West

The Better Regulation in the Food Industry Project (BReIF) has been established by the South West Regulators' Forum (SWeRF) to focus on the local regulation of businesses throughout the food and drink sector in relation to food safety, health and safety, fire, trading standards and environmental protection legislation.

The BReIF project aims to:

- invite the views of both businesses and regulators on areas where improvements in regulation/enforcement could be made;
- gather examples of perceived good practice;
- map current levels of regulatory activity in the sector; and
- carry out in-depth consultation with small groups of businesses that will be used to refine proposals for a number of small-scale pilot projects, targeting sectors that have been identified as having the greatest potential for improved regulatory activity. The pilot projects will be designed to deliver real benefits to business and will be evaluated before final recommendations are made to SWeRF on actions for wider implementation.

SWeRF has developed the project in response to two key factors:

- The food and drink sector plays a key role in the economy of the South West. Food and drink processors account for more than 100,000 jobs in the region and contribute some £3.25 billion to the local economy. They form an essential part of the way in which the South West is perceived, both nationally and internationally, and they include a significant number of leading household brands.
- Food businesses at all points of the supply chain encounter most, if not all, local regulatory services and present significant opportunities for improving the coordination and effectiveness of regulatory activity.

Risk assessments need to be reviewed to reflect changing circumstances if they are to remain accurate and useful. This is particularly true in the recession where, for example, some authorities have seen reduced levels of compliance in some sectors in response to the harsh trading environment.

Risk-based decision-making reduces unnecessary burdens on compliant firms and focuses on effective interventions. An informed risk assessment forms the basis for all decisions, extending to:

- **Strategic prioritisation** – identify and address the issues that matter most to businesses and communities.
- **Effective interventions** – choose the intervention, from advice to investigation, which is most likely to achieve results.
- **Inspection planning** – target the premises that present the highest risk and arrange visits with the emphasis on productive dialogue, which maximises outcomes and benefits to businesses.

Resources released can then be targeted at the rogue traders who harm vulnerable people and damage communities and who, through unfair competition, increase the costs faced by well-managed businesses.

Delivering local priorities

Regulatory services and local and national partners can play an important role in providing practical support by selecting the responses that are most appropriate to meet local needs. Some of the approaches that are being used to meet the particular issues raised by the recession include:

- **Ensuring fair trading**

Both business competitiveness and consumer protection are threatened by the growth of the informal or 'shadow' economy. Working with partners such as police economic crime units and industry bodies, trading standards investigators can disrupt sophisticated criminal networks to reduce the supply of counterfeit and unsafe consumer goods and illegally imported cigarettes, alcohol and other products. The regional Scambusters teams are an effective resource for tackling large-scale and cross-boundary criminal activity.²¹

- **Stimulating business growth**

Effective regulatory services contribute to the confidence consumers feel in businesses – with a resulting impact on their profitability. Where businesses are looking for accessible, authoritative advice, the Primary Authority scheme will give authorities a new opportunity to support them, providing regulatory assurance and reducing compliance costs. There are other forms of support that regulatory services can provide to assist traders in compliance and reduce their overheads, including staff training, product analysis and advice on quality systems. 'Approved trader' schemes, including the Scores on the Doors²² scheme for food premises and local schemes that are members of the Local Authority Assured Trader Scheme Network²³ (which is supported by LACoRS, the Trading Standards Institute and the Office of Fair Trading), improve consumer confidence and provide incentives to encourage compliance.

The potential benefits of an approved trader scheme: lessons from Bedfordshire County Council

The Bedfordshire Trading Standards Approved (TSA) scheme was launched with the aims of:

- providing consumers with the information they were asking for;
- improving consumer protection and contributing to home security, particularly for the most vulnerable consumers;
- raising business standards and compliance with legislation; and
- supporting reputable traders and helping them to grow by allowing them to distinguish themselves from those businesses that are not operating to the standards set for the scheme.

The scheme initially focused on those sectors that were generating the highest levels of consumer complaints and enquiries – home improvement businesses and the motor trade – but it is now being extended to other sectors. Since its launch in 2002, the Bedfordshire scheme has achieved high levels of consumer recognition in the county, particularly amongst its target group of residents aged over 60 (63 per cent recognition in a 2008 survey).

It is evident that the scheme is having an impact on consumers' purchasing decisions, thus providing tangible benefits to member businesses:

- over two-thirds of businesses responding to a survey in 2008 felt that their business had grown as a consequence of their membership of the scheme; and
- over two-thirds of customers who returned feedback forms in 2007/8 stated that their decision to use the trader had been influenced by the trader's membership of the TSA scheme.

In addition to providing clear benefits to consumers and businesses, the scheme has allowed the trading standards service to develop a new vision of its relationship with business. Working in partnership with colleagues from other services, including the local authority's economic development service and the learning disabilities team, the service is now exploiting the special relationship that it has with members of the TSA scheme in order to deliver wider benefits, linking in to corporate themes such as employment and lifelong learning.

For example, in 2007, funding from the European Social Fund supported a successful pilot which placed unemployed participants on work experience with TSA members. Of the six participants in the pilot, four went on to gain full employment with the TSA member they had been placed with. Further ESF funding is now being used to recruit additional traders to the scheme and to place more long-term unemployed people, with a view to enhancing their skills and providing valuable work experience, which has the potential to lead to full employment.

• **Managing money**

The credit crunch significantly reduces available sources of consumer borrowing, leading to a rise in illegal moneylending or 'loan sharking'. The specialist regional trading standards teams target offenders who prey on vulnerable individuals, charge excessive levels of interest and subject victims to intimidation and violence. Shared services of this type improve protection for consumers and communities.²⁴

Effective, timely advice on accessing credit and responsible financial management empowers consumers and defends them against predatory behaviour. Regulatory services can provide consumer advice with partners such as Citizens' Advice, and can work with young people and schools to develop sensible financial habits at an early stage.

- **Encouraging productivity**

Work-related injuries and ill health have significant consequences for workers and their employers alike. Health and safety teams support businesses in their duty to provide a safe working environment that protects workers and improves prosperity by cutting business costs through the minimisation of absence and the retention of skilled employees. It also reduces the number of individuals claiming Incapacity Benefit as a result of a work-related incident.

- **Ensuring the quality of housing**

As individuals struggle to meet mortgage repayments, house repossessions will rise, placing increased demand on registered social housing and the private rental sector. In these circumstances, environmental health professionals play a key role in maintaining housing standards, especially in multiple-occupancy dwellings. The people affected can be among the most vulnerable in society. In addition, poor housing impacts on community cohesion, health and education. It is important that tenants have access to advice on their rights and information about the help on offer. Regulatory officers work with landlords to ensure that they are aware of the sources of support they can access to meet their responsibilities.

- **Reducing health inequalities**

As household incomes and spending are reduced, families may seek cheaper alternatives for essential purchases including food. Regulatory services can help to reduce health inequalities by working closely with primary care trusts, local community groups and businesses to promote access to healthy food for those on low incomes. Education and advice initiatives can also encourage consumers to make healthier choices regarding food and lifestyle, and reduce alcohol misuse and smoking.

- **Addressing anti-social behaviour and improving public spaces**

Many businesses depend on vibrant local high streets to encourage trade and consumer confidence. In addition to their work on planning, transport infrastructures and parking, local authorities use licensing and other regulatory services to help consumers feel safe when visiting town centres. Work with street wardens, street cleansing teams and the Environment Agency plays an important part in keeping streets clean and free of graffiti. It also reduces anti-social behaviour and sales of alcohol to young people, contributing to safer communities.

Improving compliance through business support

Brighton and Hove City Council has successfully incorporated business advice and training into a multi-agency approach that is being used to tackle anti-social behaviour and disorder, street drinking, alcohol-related violence and the sale of alcohol to under-18s.

The project, which includes a number of complementary initiatives, is delivered through the joint working of Environmental Health and Licensing, the Joint Community Safety Team and Trading Standards,²⁵ and has a clear focus on reducing rates of, and fear of, crime and anti-social behaviour, with measurement against a range of local and national indicators, including NI17 – Perceptions of anti-social behaviour and NI 39 – Alcohol-harm related hospital admission rates.

The support provided to local businesses includes:

- early meetings with new licensed premises considered to present a higher risk in relation to underage sales;
- business support visits to retailers who have failed a test purchase, and retailers identified as sources of alcohol for underage purchasers;
- targeted provision of training for retailers, aimed at assisting them to identify and address the risks associated with selling alcohol and other age-restricted products;
- provision of practical training for retail sales staff which aims to give them the knowledge and confidence to undertake an effective challenge, identify fake IDs and prevent underage sales;
- a 'Train the Trainer' facility for those businesses that can provide their own training;
- provision of posters and other material relating to 'Think 21'; and
- risk assessments undertaken for individual retailers, addressing a wide range of factors that can influence the likelihood of children attempting to obtain age-restricted products from the business.

There is a strong focus on using intelligence gathered from a range of sources to identify both on-licence premises and off-licences that are selling alcohol to underage purchasers and where they are able to obtain alcohol by other means. Increasingly, intelligence suggests that young people in Brighton and Hove are very responsive to changes in business behaviour and will displace to other retailers that might sell to them. This evidence has led to proactive targeting of new licensed premises, and premises with changes in licence holders or designated premises supervisors, or a high turnover of staff.

The effectiveness of the advice and training is measured by repeat test purchasing and there is strong evidence that the incidence of reoffending drops where a business support visit has been carried out. Evaluation forms are requested from those who receive training and these indicate a high level of satisfaction.

About us

LBRO was incorporated as a government-owned limited company in 2007. Following the commencement of the Regulatory Enforcement and Sanctions Act 2008, we now operate as an executive non-departmental public body, accountable to the Department for Business, Enterprise and Regulatory Reform through the Better Regulation Executive.

The organisation is governed by an independent Board with extensive experience of business, consumer issues, national regulation, advocacy and local government. The nine Board members together provide leadership and act as ambassadors. Our executive, 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.

Our six key statutory functions are to:

- encourage innovation and best practice;
- operate the Primary Authority scheme;
- advise the Government on local regulation;
- issue guidance to local authorities;
- manage the list of national enforcement priorities; and
- develop formal partnerships with national regulators.

We are helping councils to equip regulatory services officers with the skills and capabilities to lead and deliver change. This 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. We are also supporting the sharing of good practice through the Beacon theme 'Cutting Red Tape', promoting innovation by local authorities in reducing the burdens on business.

While we have a remit that covers the whole of the UK, its extent varies, so we liaise with the devolved administrations to ensure that our work in Wales, Scotland and Northern Ireland is appropriate to the unique constitutional position of each.

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Useful links

The links below provide a brief overview of the information and support available from local government bodies and other organisations on the topic of improvement in local authorities and regulatory services.

Audit Commission

Comprehensive Area Assessment

Final score: The impact of the Comprehensive Performance Assessment of local government 2002-08

Innovation report: Seeing the light

Crunch time? The impact of the economic downturn on local government finances

Better Regulation Executive

Anderson Review

Code of Practice on Guidance on Regulation

Compliance Code

Department for Business, Enterprise and Regulatory Reform

Action for Business

Real Help for Businesses Now

Help for consumers

'Know your rights' campaign

Business Link

Department for Communities and Local Government

Central-Local Concordat

Sub-National Review

Local Economic Assessments

Improvement and Development Agency

No council of despair: positive local leadership in a recession

Economic diagnostic tool

Partnerships and places resource library

Looking back, moving forward: accounts of council improvement by leading politicians

CPA: more stories of sector-led improvement

Value for Money: Doing more with less

Shared services and collaboration

Local Authorities Coordinators of Regulatory Services

Leading by listening

Collaborative councils

Leadership programme

The role of regulatory services in Local Area Agreements – A Councillor briefing

Local Better Regulation Office

Research on impacts and outcomes of regulation (to be published in spring 2009)

Research on use of the national enforcement priorities (to be published in spring 2009)

Legislative mapping report

Are your regulatory services adding value?

Local Government Association

Backing communities: local solutions

Back to business: local solutions

Global slowdown: local solutions

From recession to recovery: the local dimension

Survey of the Impact of the Economic Slowdown on Local Authorities 2008

National Improvement and Efficiency Strategy

Regional Improvement and Efficiency Partnerships: A Councillor's Guide

Changing places: Local Area Agreements and two-tier local government

References

- ¹ Local authority regulatory services are trading standards, environmental health, licensing and fire safety.
- ² The changes to the performance framework in England include the introduction of the national indicator set, placing local area agreements on a statutory footing, the development of multi-area agreements and the introduction of comprehensive area assessment. The Wales Programme for Improvement was introduced in 2002 as a new approach to stimulating and supporting improvement in local public services.
- ³ The Local Government Act 2000 gave local authorities a discretionary power to promote or improve the social, economic and environmental wellbeing of their area.
- ⁴ The Local Government and Public Involvement in Health Act 2007 creates a statutory duty for local authorities and other local service providers to cooperate and a duty for local authorities to inform, consult and involve local people in improving local services and quality of life.
- ⁵ The Legislative and Regulatory Reform Act 2006 is an important part of the wider programme to reduce unnecessary burdens to business caused by regulation. Details of the act can be found at www.opsi.gov.uk/acts/acts2006/pdf/ukpga_20060051_en.pdf
- ⁶ Part 3 of the Regulatory Enforcement and Sanctions Act 2008 provides for use of a wider range of 'Macrory' sanctions as regulators prove their capability to follow better regulation principles
- ⁷ The East of England authorities are Bedfordshire County Council, Cambridgeshire County Council, Essex County Council, Hertfordshire County Council, Luton Borough Council, Norfolk County Council, Peterborough City Council, Southend-on-Sea Borough Council, Suffolk County Council and Thurrock Council.
- ⁸ We have formed a coalition of partners to agree a common understanding of the environment and standards for world-class local authority regulatory services and to build consensus about the necessary systemic conditions for excellence. The necessary framework is currently being piloted through the Regulatory Services Peer Challenge. Up to 60 local authorities will use it to conduct self-assessment during 2009. We are part-funding this initiative, in tandem with the Department for Communities and Local Government (CLG).
- ⁹ The most commonly selected indicators within local area agreements can be viewed at www.communities.gov.uk/documents/localgovernment/pdf/505713.pdf. Examples of how regulatory services are contributing to the most commonly selected indicators can be found at www.lbro.org.uk.
- ¹⁰ The National Improvement and Efficiency Strategy was published in January 2008 and sets out how central and local government will provide the support that local partnerships will need to deliver excellent local area agreements. It was signed by CLG and the Local Government Association and applies to England only.
- ¹¹ Information sources on resourcing in regulatory services include Chartered Institute of Public Finance and Accountancy and Audit Commission national studies. These data are incomplete and cannot be considered a robust and comprehensive evidence base. However, we welcome comments and views on this issue.
- ¹² Three primary care trusts in the area have now been amalgamated as Kirklees Primary Care Trust.
- ¹³ www.hse.gov.uk/research/rrpdf/rr670.pdf

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- ¹⁴ The company was established as a partnership between the Greater Manchester Fire and Rescue Service, the ten local authorities in Greater Manchester, Warrington Borough Council and Manchester Solutions, a not-for-profit group of companies.
- ¹⁵ The survey on 'Business relations with local authority regulatory services' conducted in February 2009 and commissioned by LBRO, reported that 56 per cent of SMEs that have had face-to-face contact with their local authority in the last 12 months have had contact with a local authority regulatory services officer.
- ¹⁶ Philip Hampton, *Reducing administrative burdens: effective inspection and enforcement* (HM Treasury) March 2005
- ¹⁷ The CEnTSA authorities are Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Herefordshire Council, Sandwell Metropolitan Borough Council, Shropshire Council, Solihull Metropolitan Borough Council, Staffordshire County Council, Stoke on Trent City Council, Telford and Wrekin Council, Walsall Council, Warwickshire County Council, Wolverhampton City Council and Worcestershire County Council.
- ¹⁸ Officers now have the opportunity to step into their customers' commercial shoes via Trading Places. An intensive two-day study course at leading UK companies offers a great practical learning experience, plus valuable insight into how businesses are run and the challenges they can face in abiding by the rules. This scheme is open to all environmental health, fire safety, licensing and trading standards officers working in local authorities, as well as businesses from any sector. It is endorsed by the Confederation of British Industry, the British Chambers of Commerce, the British Retail Consortium, the Chartered Institute of Environmental Health and the Trading Standards Institute. Trading Places was launched in March 2009 after extensive testing and evaluation, involving placements at Asda, B&Q, Sainsbury's, Tesco, Thomas Cook and Total. Further details can be found at www.lbro.org.uk
- ¹⁹ Policy statements regarding local economic assessments from CLG can be found at www.communities.gov.uk
- ²⁰ This can be accessed at www.idea.gov.uk/idk/core/page.do?pagelid=9325114
- ²¹ These are funded by the Department for Business, Enterprise and Regulatory Reform. Refer to www.berr.gov.uk/whatwedo/consumers/enforcement/trading-standards/scambust
- ²² Promoted by the Food Standards Agency, 'Scores on the Doors' schemes aim to empower consumers so that they make more informed choices about the places from which they purchase food. Refer to www.food.gov.uk/safereating/hyg/scoresonthedoors
- ²³ The Local Authority Assured Trader Scheme Network aims to bring greater consistency to local schemes, and to promote the value of local schemes to local consumers and businesses. Refer to www.oft.gov.uk/oft_at_work/consumer_initiatives/trader
- ²⁴ The Illegal Lending Project, funded by BERR, aims to help people gain access to affordable credit. The teams focus on providing support to victims as well as on securing convictions against illegal lenders. Refer to www.berr.gov.uk/whatwedo/consumers/consumer-finance/over-indebtedness/lending/Illegal%20Lending%20Project/page37542.html
- ²⁵ With some funding support from the Home Office Police Standards Unit.

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