

Enforcement and Inspections

A Journey Towards Change

BRDO and the UK context

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Better Regulation Delivery Office

OECD 29th October 2012

BRDO

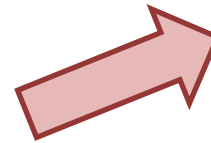
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A Journey Towards Change

- Good regulation supports growth by
 - cutting costs,
 - building confidence and delivering outcomes
- But!
 - Delivery matters
 - Regulating at the right level matters
 - We need to get better at listening to business



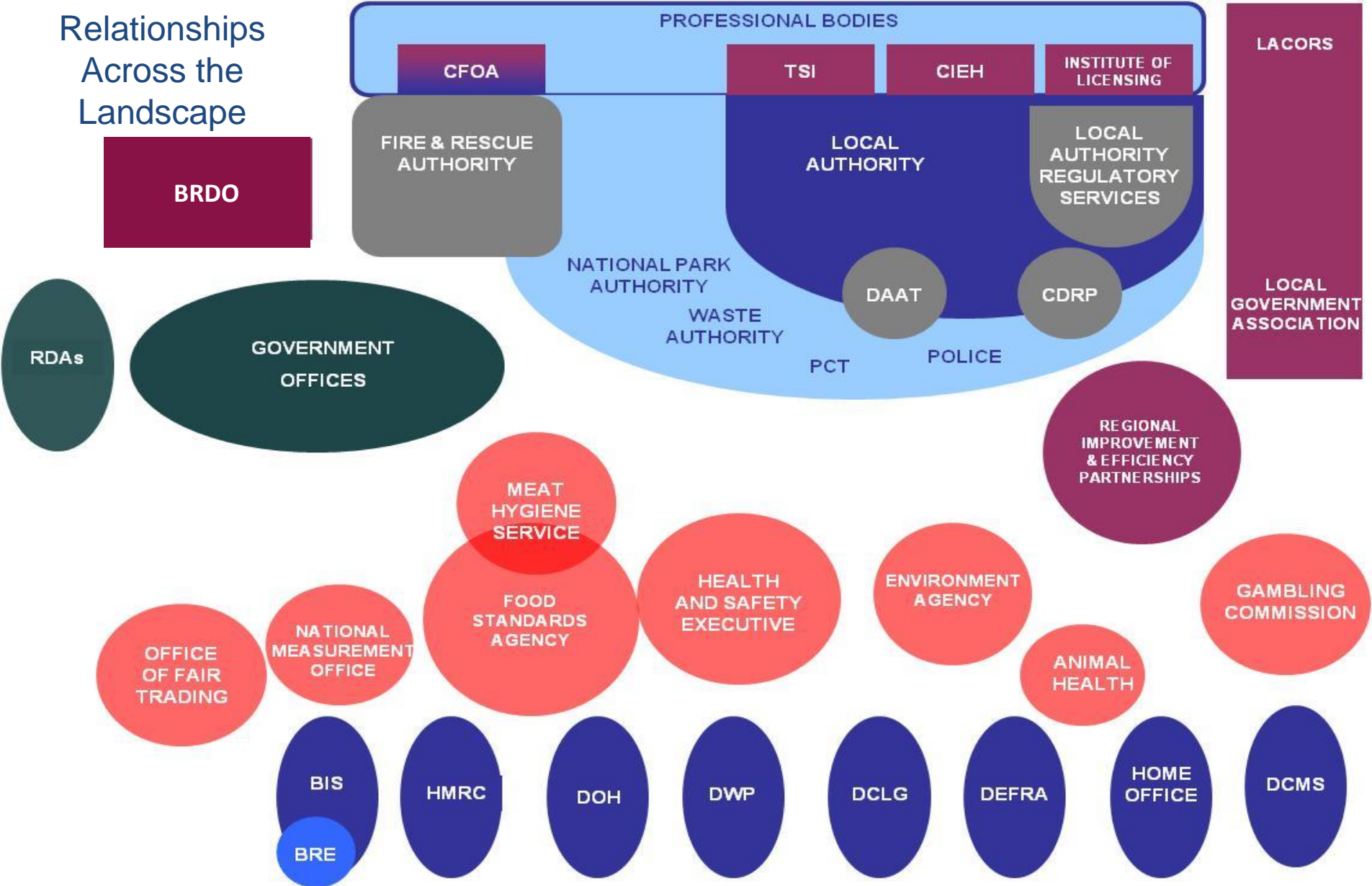
Some background...

- **UK Principles of Good Regulation:**
 - Targeted
 - Accountable
 - Consistent
 - Transparent
 - Proportionate

The regulatory landscape in numbers

- **12** different government departments making regulations or regulatory policy
- Over **60** national regulators involved in policy and delivery
- Over **200** pieces of legislation in scope
- Delivered by **433** local authorities
- Representing **1%** of local government spend
- Contributing to **48** different outcomes

Relationships Across the Landscape



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There was life before Hampton!

The journey of reform in the UK

Hampton Review, 2005

- Effective inspection and enforcement
- Principles:
 - Risk
 - Targeting inspections
 - Reducing data requirements
 - Improving advice to businesses
 - Accountability to business

The journey of reform in the UK

Macrory Review, 2006

- Making sanctions work
- Principles:
 - Changing behaviour
 - Removing the benefits of non-compliance, deter non-compliance
 - Restore harm caused
 - Match sanction to circumstances
 - Proportionate response

The journey of reform in the UK

Regulators Compliance Code, 2007

- Statutory code of practice
- Aimed to improve inspection and enforcement
- Applies to local authorities and national regulators
- Practical guide to using the Hampton principles

The journey of reform in the UK

Retail Enforcement Pilot

- Hampton recommendations to improve targeting
- Reducing the number of inspections to reduce the burden of multiple inspections
- Single inspection visit covering different regulations – trading standards, environmental health, fire safety
- ‘Eyes and ears’ intelligence
- Use of checklists

The journey of reform in the UK

Retail Enforcement Pilot

Mixed success

Key lessons:

- Sharing information across different agencies
- New approach to training officers
- Essential to resolve IT issues
- More support for (culture) change
- Recognise variations in business preferences

The journey of reform in the UK

Local Better Regulation Office, 2007 (BRDO from 2012)

- Delivery of regulation at the local level
- Six statutory functions
- Staff team of around 25
- Expertise in inspection and enforcement, policy, research and evaluation
- Remit: trading standards, environmental health and licensing

The journey of reform in the UK

Anderson (2009)

- Sector Approaches
- Assured Guidance

Lofstedt (2012)

- Fewer Low Risk Inspections
- Joined up advice

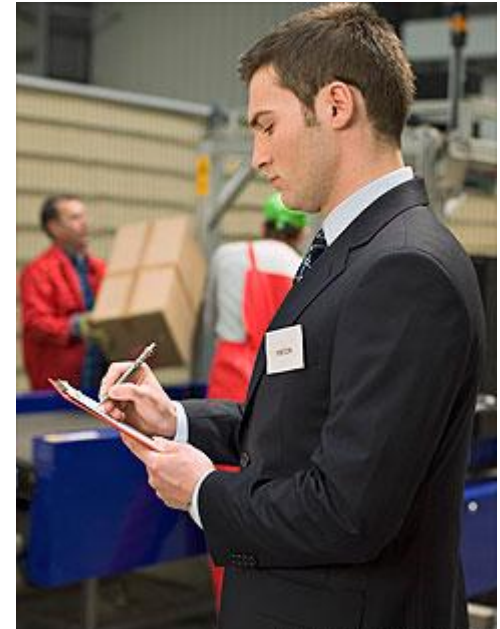


PHOTO: JUPITERIMAGES

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BRDO: What we do

- 2010 New Coalition Government
- Focus on:
 - Tackling the budget deficit
 - Rebalancing the economy
- Dual priorities:
 - Private sector growth
 - Public sector efficiencies
- Less reliance on the state -decentralisation, localism and Big Society



BRDO: What we do

Economic **Prosperity** AND Effective **Protection**

Not a balance...but mutually supportive

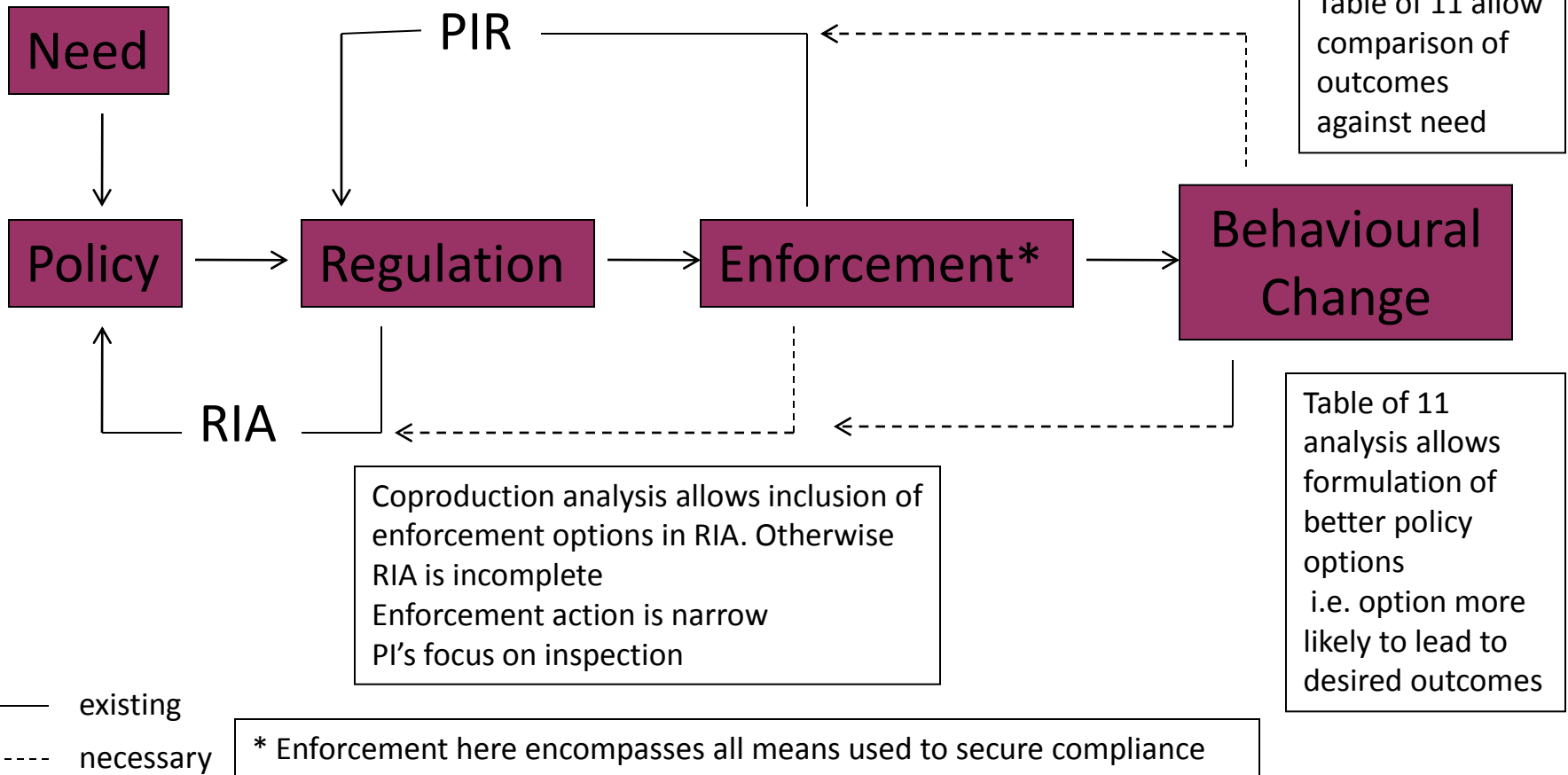


- ✓ business has confidence and assurance in local regulations
- ✓ citizens are protected from harm and fraud

BRDO: Who we work with



Policy Chain Analysis



BRDO: Major programmes

- Primary Authority – supporting businesses to comply
- Ports – improving market surveillance at ports
- Trading Places – improving understanding of business
- Shared Approaches – joint inspections
- Competency for regulators – improving knowledge and skills
- Common approach to risk assessment – using risk to target inspections
- National Enforcement Priorities – targeting risks

BRDO: National Enforcement Priorities

- The priority regulatory outcomes for England are as follows:
 - Support economic growth, especially in small businesses, by ensuring a fair, responsible and competitive trading environment**
 - Protect the environment for future generations including tackling the threats and impacts of climate change**
 - Improve quality of life and wellbeing by ensuring clean and safe neighbourhoods**
 - Help people to live healthier lives by preventing ill health and harm and promoting public health**
 - Ensure a safe, healthy and sustainable food chain for the benefits of consumers and the rural economy**
- In accordance with the Regulators' Compliance Code, when seeking to deliver these priorities, regulators must consider the impact that their interventions have on economic progress, by bearing mind the costs, effectiveness and perceptions of fairness of regulation.

The UK context: The Challenge

BUSINESS PERCEPTIONS OF REGULATION SURVEY 2012

The UK context: The Challenge

2012 Business Survey : Overview

- Fifth survey carried out by the National Audit Office, second in conjunction with LBRO/BRDO
- 2,294 business decision-makers interviewed; representative of the UK business population
- Full survey report available - <http://www.bis.gov.uk/assets/brdo/docs/publications-2012/12-p145-business-survey-2012.pdf>

The UK context: The Challenge

2012 Business Survey: Headline Findings

Where do
businesses
go for
advice?

Signs of
improvement in
perceptions of
burdens and
inconsistency

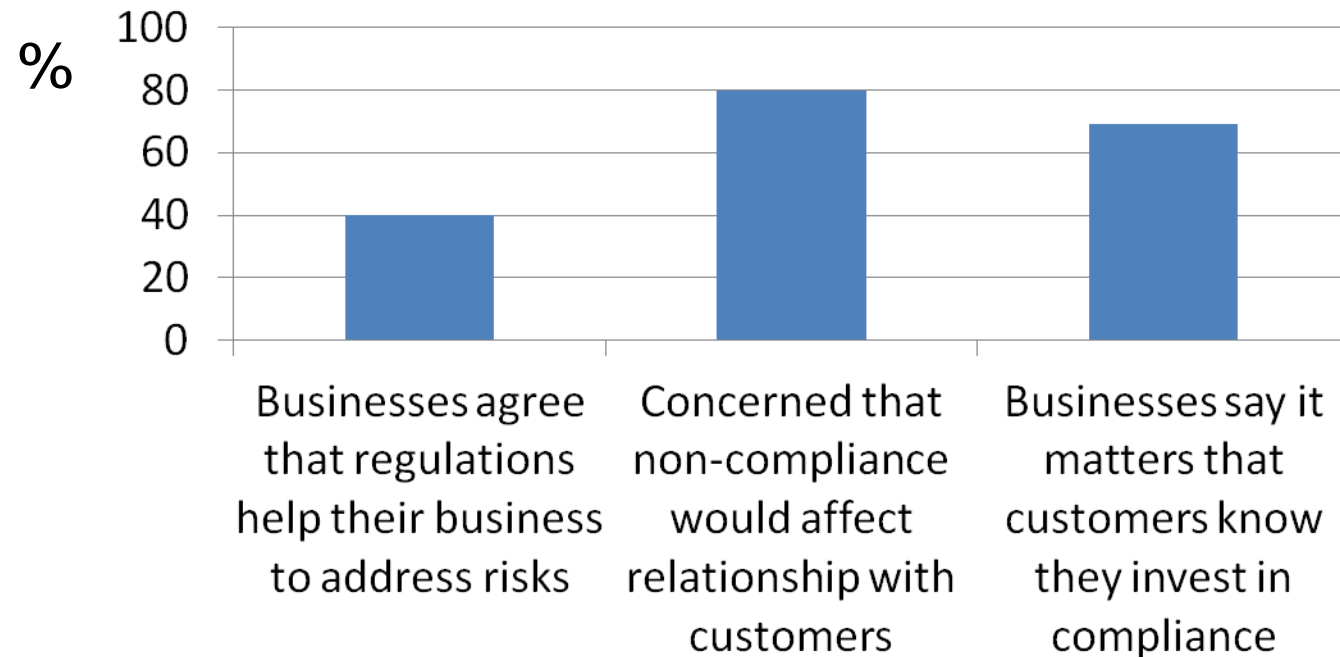
Businesses
perceptions
of the role
of regulators

Still more
work to do!

The UK context: The Challenge

2012 Business Survey: Links to Growth

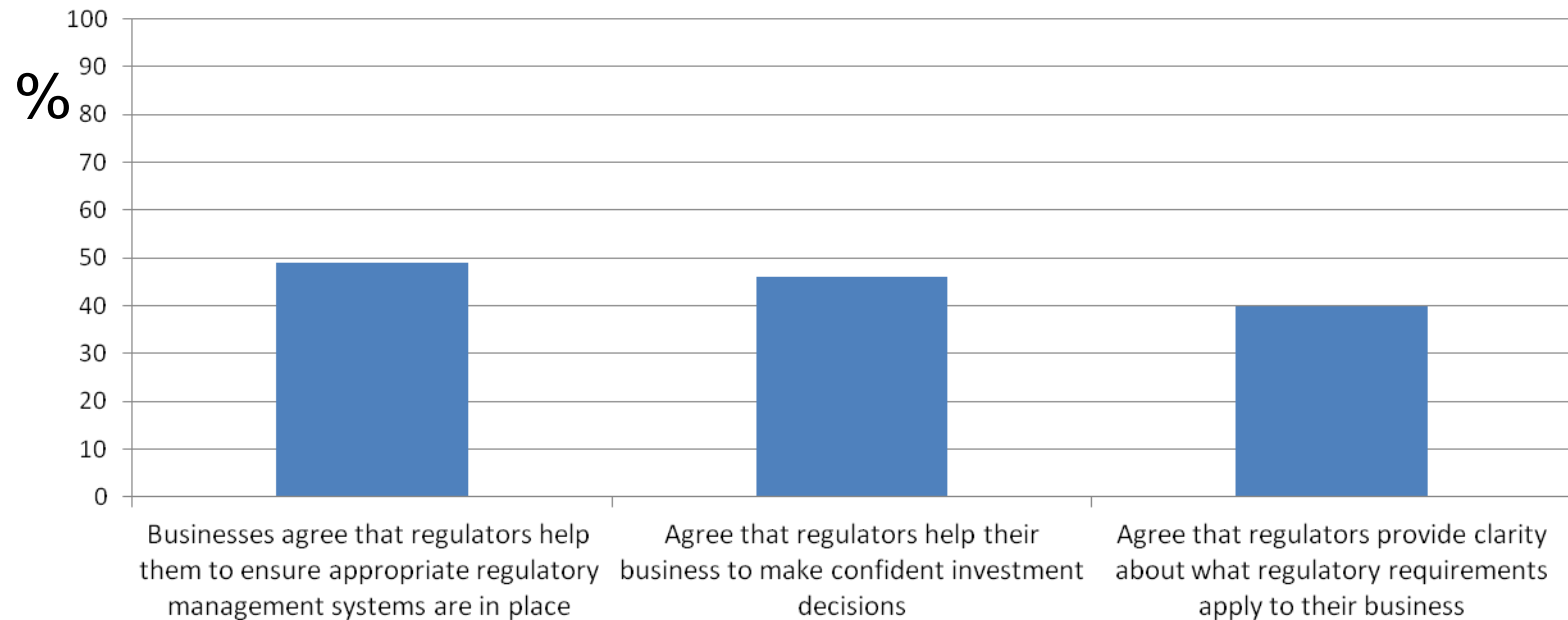
1. Regulation can reduce business costs



The UK context: The Challenge

2012 Business Survey: Links to Growth

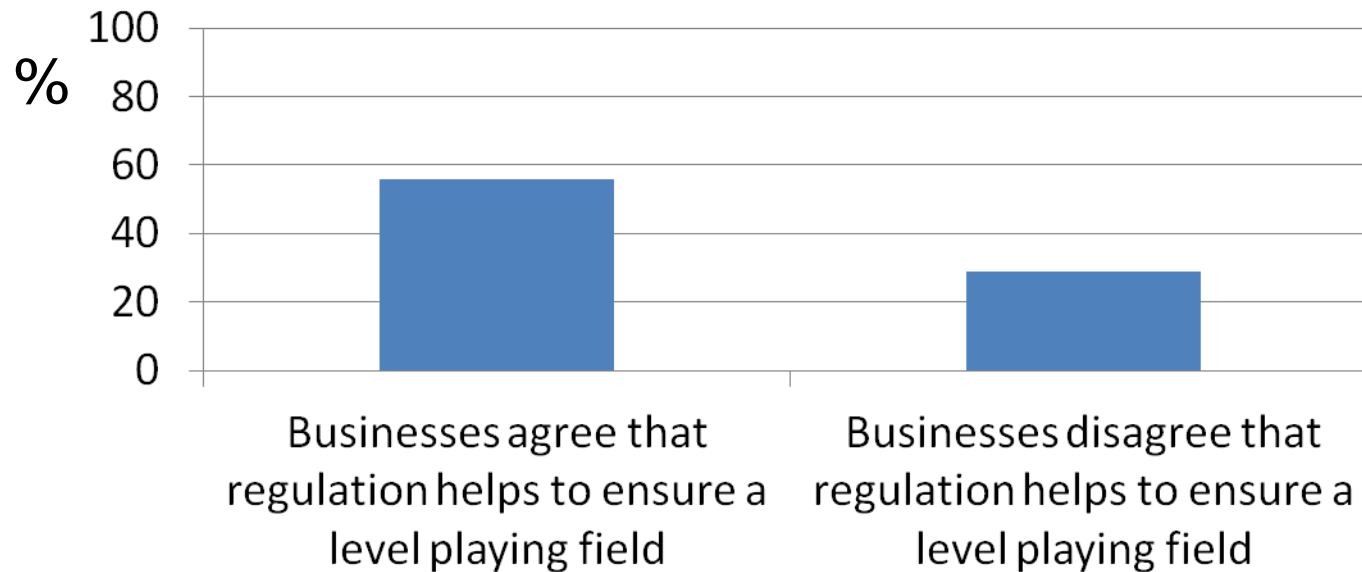
2. Regulation can improve confidence



The UK context: The Challenge

2012 Business Survey: Links to Growth

3. Regulation can enable wider economic benefits



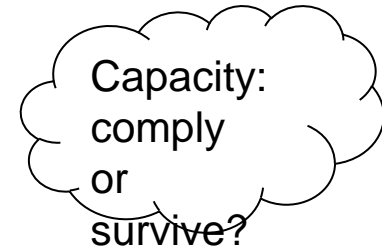
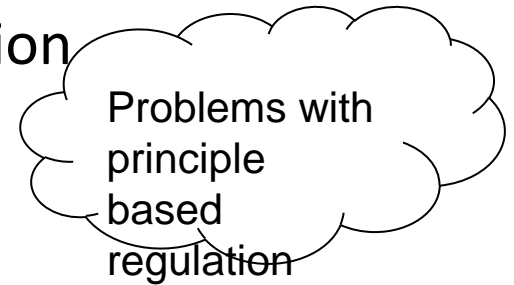
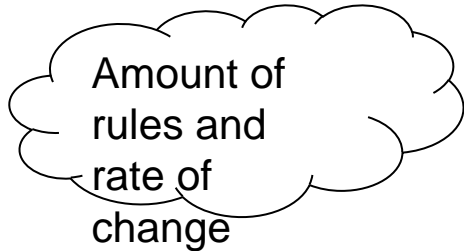
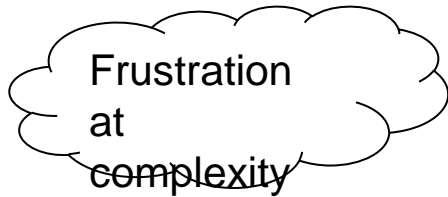
The UK context: The Challenge



Micro Business Report (2010)

Survey of 500 Businesses with less than 10 employees

Average of one day per week spent on regulation



The UK context: The Response

A transformation in the business experience of frontline regulation

- A step change in the culture of regulators
- A reduction in the number of unnecessary programmed inspections-risk based, better targeting
- Primary role of regulators is to help business comply – a recognition of a businesses efforts
- An understanding of the extent to which regulatory activity enables or inhibits trade and investment

The UK context: The Response

The value of interventions

- Note research program currently being commissioned – Initial results Spring 2013

The UK context: The Response

Intervention

RED Words – Dispute, interference, affairs, interposing, between, lawsuit, affected, illness, injury

AMBER Words – modify, policy, intervening, act, among, right, interest, admission, proceedings

GREEN Words – mediate, proceeding, permits, progress, protect, person, care, improve, relieve

The UK context: The Response

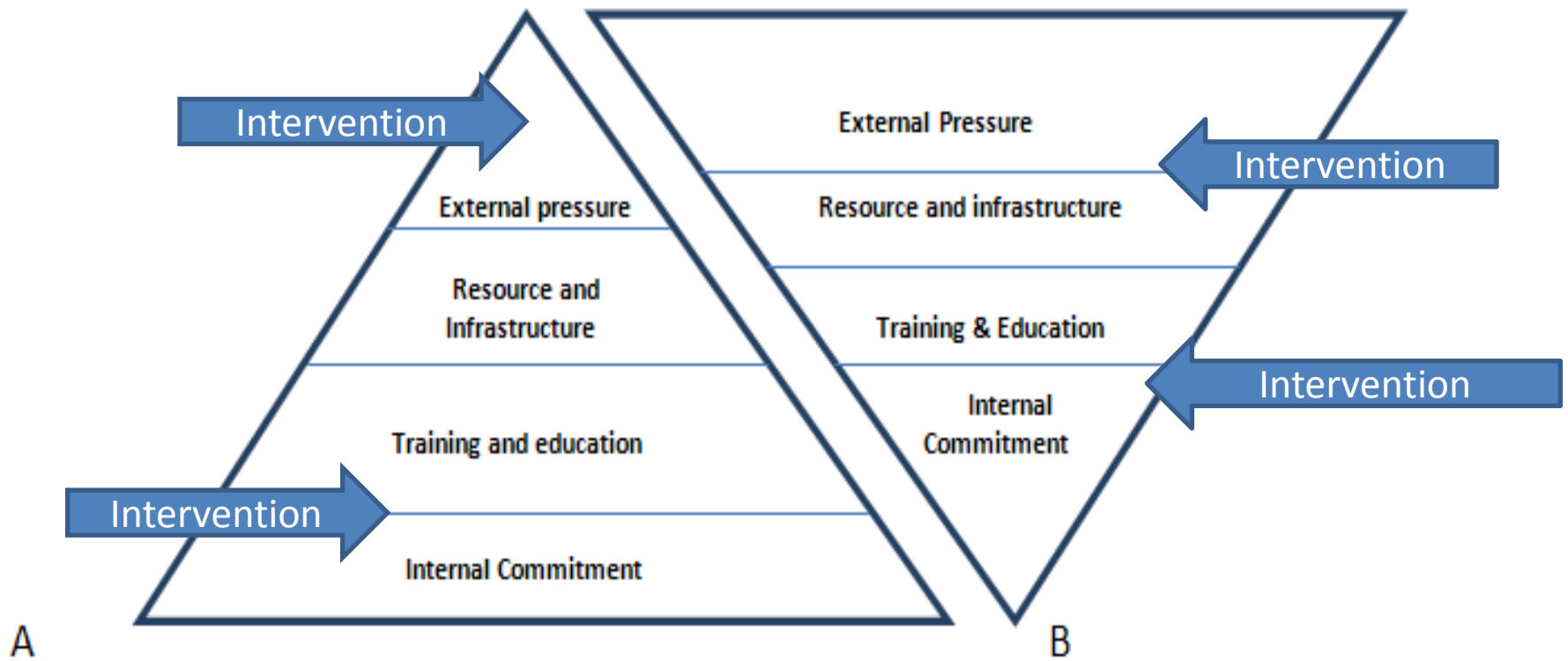
Inspection

RED Words – inspecting, critically, formal, official, examination, satisfactory, checking, should

AMBER Words –viewing, carefully, action, check, condition, correct, more

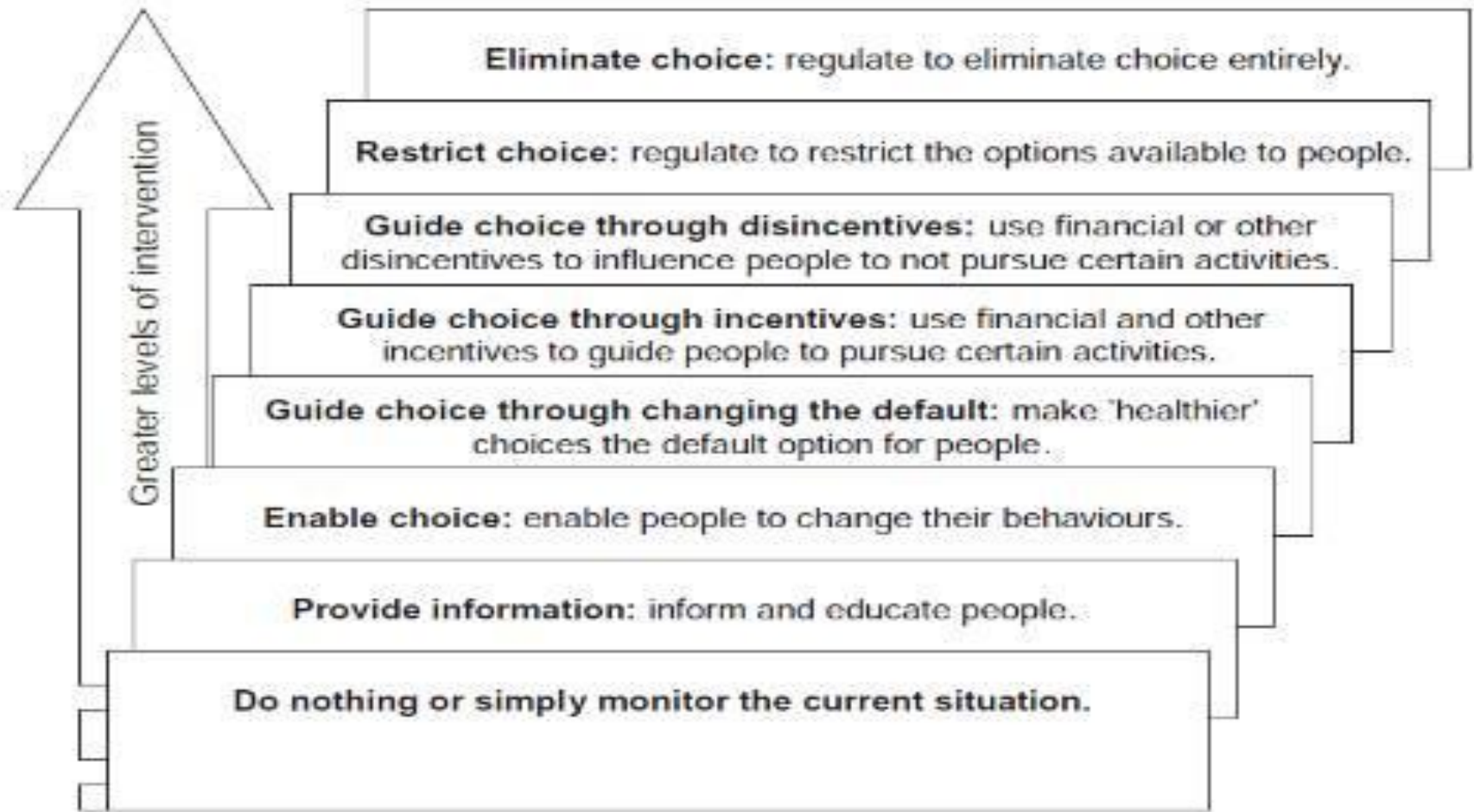
GREEN Words – looking, people, doing, look, think, carefully, you

The UK context: The Response



Pyramid B demonstrates that when the drivers for compliance are all externally imposed there is instability and potential for the programme to be unsustainable when external priorities change. The sustainable model triangle A shows a firm foundation of internal commitment supported by training and education, appropriate resources and infrastructure and aligned to the external requirements.

The UK context: The Response



Source <http://www.makingthelink.net/node/450>

The UK context: The Response

- Internal commitment to facilitate culture of compliance
- Understanding the regulators role and the better regulation agenda
- Recognising the need for training and education
- Visible, affordable and accessible mechanisms for earned recognition in every area of enforcement in every business sector

The UK context: The Response

- Understanding what constitutes a risk based approach
- Understanding the needs of business – commercial awareness and the needs of the end user
- Seeing good regulation as an enabler to trade
- Softer skills
- High level of sector specific specialist knowledge