Improving the Effectiveness and Efficiency of Inspections

Questions of design & delivery

Graham Russell
Better Regulation Delivery Office
What are the factors in deciding how to organise regulatory structures?

- Technical and Operational – based on human capital (skills) and equipment

- Outcome basis – based on policy areas normally narrow at national level and broader at local

- Customer basis – based on sectors in the economy and offering a business focus
Benefits of Local Delivery

• Cross cutting so lower business costs
• Multiple outcomes (creating ‘place’)
• More flexible to priorities/needs
• More accountable to (small) business
• Lower operating costs
• Less susceptible to political change?
Benefits of National Delivery

- Focus on single strategic outcomes
- Economics of scale in maintenance of expertise
- More accountable to national businesses
- Addressing national threats
- Lobbying government
Meat Products England

Number of Approved Establishments per Local Authority

- 1-5: 212
- 6-10: 59
- 11+: 28

No. of Authorities
Prioritisation Local / National

National Priorities
- National Threats
- National Regulators’ Strategies
- Central Government Direction

Local Priorities
- Socio-demographic
- Environment
- Tradition / culture
- Local democracy
- Place Shaping

Evidence Based Perceived v Reality

Regional

Strategic Analysis

Strategy

Delivery
Primary Authority – some background

It’s to stop this sort of madness that the LBRO has been set up.

Primary Authority enables a business to form a statutory partnership with a single local authority, which then provides robust and reliable advice for other councils to take into account when carrying out inspections or dealing with non-compliance.

Jerry Blackett
Chief Executive-Birmingham Chamber of Commerce
Primary Authority: the gateway to simpler, more successful local regulation.

- **A single point of contact** – ensures efficiency and consistency
- **Better information sharing** - secure IT system provides details on risks and systems
- **Feedback on compliance** – enabling collaborative work to adapt procedures
- **Inspection plans** - co-ordinate activity and standardise feedback
Towards a Customer Focused Approach

Tesco
2,800 stores in the UK
250,000 staff

Confusion
Cost
Inconsistency
Mistrust

Regulatory Delivery
433 Local Authorities
12 Departments
15 National Regulators

BRDO
Better Regulation Delivery Office

BIS
Department for Business Innovation & Skills
Towards a Customer Focused Approach

Tesco
2,800 Stores

Information
Trust
Reduced Cost
Payment

Regulatory Delivery
432 Local Authorities
12 Departments
15 National Regulators

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Department for Business Innovation & Skills
Towards a Customer Focused Approach

Multi site retailer only?
Restaurants and pubs
Internet sales
Small manufacturer-internet sales
Multiple factories-import & export
Franchise operator
Towards a Customer Focused Approach

National Federation of Retail Newsagents
38,000 Small Shops

Information
Trust
Reduced Cost
Payment

Regulatory Delivery
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Opportunities

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Benefit</th>
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<tbody>
<tr>
<td>Risk Based Approach</td>
<td>Earned recognition</td>
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<tr>
<td>New Culture</td>
<td>Based on trust</td>
</tr>
<tr>
<td>Reduced Cost</td>
<td>Collect data once use many times</td>
</tr>
<tr>
<td>Equitable Charging</td>
<td>Application</td>
</tr>
<tr>
<td>Accountability</td>
<td>Key relationship</td>
</tr>
<tr>
<td>Assess risks across sectors</td>
<td>Multi topic inspections</td>
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</tbody>
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Risk Based Regulation

a) Strategic Risk – recognising driver from policy and statute
b) Prioritisation – synthesising national and local
c) Operational Risk Assessment – selecting optimum intervention strategies
d) Risk Based Targeting – maximising the value of inspection
e) Sanctioning by Risk – ensuring a proportionate response
## Risk categories

### Likelihood of non-compliance

<table>
<thead>
<tr>
<th>Level of hazard</th>
<th>Very low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Lower Medium</td>
<td>Upper Medium</td>
<td>Upper Medium</td>
<td>High</td>
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</tr>
<tr>
<td>Upper medium</td>
<td>Lower Medium</td>
<td>Lower Medium</td>
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</table>
Inspections by risk

Decide most appropriate tool and frequency

- High risk
- Upper medium
- Lower medium – alternatives to inspection
- Low risk – alternatives to inspection

- Sector based approach
- Examples
Effective Inspections

Important to consider what you will do:

• Before the inspection
• During the inspection
• After the inspection
Why am I inspecting?

Every inspection should have a purpose

• Is inspection the best way to solve the problem or is there an alternative approach?
• What do I want to achieve by inspecting?
• What will be the outcome of the inspection?
During the inspection

• **What should I check?** Checklists can help inspectors focus on the areas of highest risk and carry out inspections in an effective and efficient way.

• **Should I check goods or the paperwork?** Checking goods or the premise will tell an inspector what *is* going on in a business, while checking records will tell an inspector what *has* been going on. Inspectors should check goods first, and then look at the paperwork. Are they consistent?
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