I am delighted to be here this morning to say a few words about implementing the Hampton Report and the wider better regulation agenda. This is an important moment for all of us who share the desire to see an improvement in regulatory outcomes. The challenge we face is to do this in a way that reduces the administrative burdens on our economy, helping businesses and taxpayers alike. There is a big agenda in front of us. That is why this conference today is so important. At times of change, dialogue and communication is essential. We all need to know the direction of travel. We should all be clear about the way forward.

In accepting both Sir David Arculus’s report, *Less is More*, and Philip Hampton’s review of the structure and culture of UK regulation, and creating the Better Regulation Executive to oversee their implementation, the government has committed itself not simply to incremental change to our regulatory system, but to radical overhaul and a new direction.

This will be a challenge both for Government and for all those tasked with the responsibility of regulation and inspection. I accept this.

But it is also a great opportunity – succeeding in delivering the Hampton reforms will allow inspectors to greatly strengthen the protection you give the public and working people by targeting your resources more effectively. It will help businesses in remaining competitive and successful. It will help UK plc.
Local regulators are of course at the forefront of ensuring that standards which we all support - like clean air, safe food, good working environments- are properly enforced on the ground.

That is why I am very grateful for LACORS's constructive engagement with our reform agenda for local government being taken forward by the Local Authority Better Regulation Group, LABREG, of which LACORS is an important member. I fully expect that in the coming months the Cabinet Office will want to continue working closely with you to promote our common aim of securing the best possible local regulatory arrangements in the UK.

And in the period ahead of us, we mustn't lose sight of one very important fact- there are many examples of excellent practice of local and national enforcement in the UK. We know how to do it well. Britain does compare favourably with our European competitors when it comes to regulation. The challenge is to do even better. High performing local regulators have in effect already embraced the Better Regulation agenda and are working to demonstrate the impact that good, streamlined, targeted, proportionate regulatory services can have on the regeneration and public health agendas. Our task is to spread this approach to every part of the regulatory system.

It is for this compelling reason that change is necessary.

A misconception exists about Hampton in some quarters. The review is not pro-business at the expense of the consumer and general public. It is true that the programme of reform the government is driving forward in the light of the Hampton and Arculus reports is designed to greatly reduce unnecessary burdens on businesses. But, it seeks to do so by using a lighter touch on safe businesses that play by the rules. Critically, this will allow regulators and inspectors such as yourselves to concentrate more resources on rogue traders and high risk areas.
There are four main components to the Hampton reforms.

First, Hampton recommends that regulators review their data requirements and processes, reducing the number of forms for business to complete, simplifying and integrating inspection regimes, and working towards a unified set of data requirements from business. The report argues that all of this can be achieved if regulators adopt a more targeted risk-based approach to enforcement. Hampton seeks a shift in resources away from routine inspection, towards the provision of accurate information on compliance to business and towards proactive enforcement against dangerous and criminal businesses. Government fully endorses this approach.

Consistency

Second, Hampton argued, rightly, that good enforcement is consistent enforcement. Businesses, wherever they are located in the UK, expect and demand consistency in how they are regulated. The review found that despite the existence of good practice in local enforcement, inconsistency in resourcing, interpretation and enforcement culture is a real problem. With so many central bodies overseeing local enforcement and with so many carrying it out (over 200 trading standards departments and over 400 for environmental health), inconsistency is almost inevitable. Furthermore, while there are examples of collaboration between local authorities on regional and national enforcement activities, evidence from councils Hampton interviewed suggests that collaboration is patchy, leading to inconsistent enforcement. We need to address this problem head on.

National simplification
Third, Hampton recommended simplifying the regulatory landscape at national level. During the 1980s and 90s, reductions in the size of the traditional public sector were accompanied by huge growth in the number of regulators and inspectorates. Though the aims of these bodies were often laudable, the net result for businesses has been that they are dealing with more and more institutions. This means more data to provide, more forms to fill, more inspections to endure: all particularly irritating where information being asked for seems to be the same time and again. Hampton recommends an extensive programme of mergers, reducing some 31 regulators to 7. In accepting this proposal, we will massively reduce the number of regulatory interfaces for business. This is absolutely the right thing to do.

Local simplification

And fourth, Hampton recommended streamlining the often confusing and overlapping local regulatory structures. Over the years, lack of efficiency in the central regulatory landscape has cascaded down the system to local regulators. Local trading standards and environmental health departments currently deliver information, inspection and enforcement services on behalf of around 10 central government bodies. Although these central bodies may be looking at similar sectors of the economy, there has frequently been confusion and a lack of common standards and shared terminology at a local level. LABREG can play a vital role in tackling this problem acting as a coordinating partnership to improve strategic and organisational integration for local regulatory services. This will be complemented by the creation of the Consumer and Trading Standards Agency, the CTSA, to address a strategic gap in the area of trading standards and consumer protection.

LABREG is now up and running and is already developing radical proposals to implement a new approach at a local level. I strongly welcome this new focus that is emerging. Comprising local and national regulators, business and
consumer interests, LABREG is looking to develop the best possible policies for local enforcement consistent with the Hampton principles. Initially LABREG is focussing on:

- Developing a clear set of priorities for local regulatory services
- Codifying and generalising best practice (including best practice in the area of compliance incentives for business)
- Risk-based enforcement
- Developing a better performance management system for local regulators

It has set up four subgroups to look at these areas. Paul Connolly, the Better Regulation Executive’s chair of LABREG, will describe some of the early findings of the subgroups later this morning. These will include what I’m sure will be welcome moves towards an outcome-based approach for assessing local regulators. But I want to focus on where I think LABREG can make a difference in the most radical challenges to local government – in developing consistency across the country and establishing the principle of risk-based enforcement.

**Consistency**

On consistency, the challenge to local government regulators is to demonstrate through LABREG that regional discrepancies in enforcement are as much an anathema to them as it is to business. To do this, not only must local regulators accept high standards. They must also optimize the kinds of collaboration and integration needed to overcome resourcing and inconsistency. I hope LABREG proposals in these areas will be welcomed and local government itself must move forward with reform options urgently. No one can afford to be territorial. Just because certain regulatory activities have traditionally been carried out at local level does not mean that they always must be. In an economy whose characteristics change and develop swiftly, enforcement structures must be
equally adaptable. To preserve its wider role in enforcement, local government must accept demonstrable improvements in enforcement structures.

Risk

To implement an effective risk-based approach, local regulators will have to adapt their risk assessment systems and adopt different enforcement strategies. LABREG is developing a new Enforcement Concordat, which will be compulsory for local and national regulators alike, to promote these principles.

The need to change is compelling. By insisting on blanket routine inspections of all businesses regardless of their track record and the potential risk they pose to the public, inspectors employed by local authorities run the real risk of not making the best use of our resources— and not delivering the best possible protection for consumers and working people. Hampton is full of examples where this is happening.

Equally, it is right to question the robustness of existing risk assessment frameworks which force local regulators down the blanket inspection route and don’t allow officers discretion to differentiate between those businesses with a bad track record that need close scrutiny and those with a good track record who have earned a greater degree of trust. In these cases it is right that we look at earned autonomy as a way forward. Risk assessment frameworks that reinforce inspection rather than genuinely targeting intervention activities will need to be brought in for an MOT. The Concordat will provide guidelines on the characteristics of a good risk assessment framework.

Conclusion
So in conclusion, Hampton sets a challenging agenda for local authorities and local regulators. The government is committed to helping everyone involved meet this challenge.

Judging by the level of commitment shown to the success of LABREG by local and national regulators, I’m confident that we can make real progress.

The benefits if we can successfully deliver this new approach are clear. A regulatory system that is underpinned by risk will not only be one that lightens the load on businesses that play by the rules, but also one that focuses its efforts on those who harm business and the public most, the dangerously incompetent and criminal elements of the economy. That will not only mean a better deal for businesses, workers, consumers and the general public, but will also be a more rewarding system of regulation in which to work.