

A new generation of local regulation

Purpose of paper

To gain Members' input into a proposed LGA discussion paper that aims to stimulate debate about the future of local regulation in the changing economic and political environment.

Summary

Local regulatory services are at the heart of the support provided by councils for their local economy. The focus of their work is to help local businesses to comply with the law, which provides a fair environment in which responsible businesses can flourish and means that communities remain protected.

The current economic situation has placed unprecedented pressures on businesses, the public sector and consumers. These challenges provide us with a unique opportunity to fundamentally reconsider the role that we want regulation to play in our society. It is timely for local government to decide what their role should be in this landscape, with the aim of helping businesses to thrive and ensuring that our role is truly focused on the risks that are of most concern to our residents.

The LGA is considering producing a paper that aims to stimulate discussion about the future of regulation, which we can move the debate on regulation forward on behalf of councils, present clear options about the future and set out what central government needs to do.

Recommendation

Board to discuss the proposed approach and provide a steer on the content at this early stage.

Action

Officers to progress as appropriate.

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Background

1. Local regulatory services, including trading standards, environmental health and licensing, are at the heart of the support provided by councils for their local economy. They work with businesses every day to cut red tape and help them comply with the law, which provides a fair environment in which responsible businesses can flourish and communities remain protected.
2. Councils have long been at the forefront of risk based, intelligence led and proportionate regulation. The LGA feel that the unique experience of councils working with businesses on a daily basis provides us with an opportunity to put forward a discussion paper on the future of regulation in our society, and how this might need to change, given councils' role in promoting local economic growth.
3. Against a backdrop of continued economic strain, we can begin to examine the history of regulation, the potential role for businesses and consumers in regulation, the opportunities to build on our risk based approach to free responsible businesses from red tape, identify areas for increasing local flexibility and consider where regulation has actually been replaced by social norm.
4. Importantly, we want to shape the future of regulation so that council services are free to provide valuable support for their local businesses and focus resource on high risk activities that are of greatest concern to our communities. The underpinning principle of this work will be that regulatory services are needed to protect the most vulnerable in our communities from exploitation, crime and ill health, but against that context examining what a more flexible system might look like.

Proposed discussion paper on the future of local regulation

5. It is proposed that the LGA discussion paper on the future of local regulation considers the following -
 - 5.1 **Evolution of regulation.** Considering how we have moved from the accepted accumulation of law and regulators to risk based enforcement and reduction of red tape. We might explore the influence of Europe on this path, the cost of pointless regulation and where laws have simply been replaced by social norm.
 - 5.2 **Dispelling the myths.** We need only look to the latest newspaper headlines to understand the negative perception of 'regulation' amongst the public. 'Regulation' has become synonymous with state led intervention in the affairs of businesses and is regularly blamed for stifling innovation and stalling economic recovery. We could consider challenging central government and leading

business representatives to play their part in dispelling the myths about regulation.

- 5.3 **Regulation fit for the future.** This creates the potential to challenge the principle that 'regulation' is about the role that Government has in creating rules for businesses and then taking the responsibility to ensure these are followed. Is there scope for us to think about a shift to a consistent baseline that the vast majority of responsible businesses can flourish with no intervention from a 'regulator'? There is the potential for regulation no longer to be perceived as Government interference, but rather businesses, consumers, delivery partners and common practice all playing a part and sharing the responsibility. If we could reset the perception of both Government and the public, would it provide councils with the freedom to truly take a risk based approach to regulation that considers new ways of engaging the majority of responsible businesses and focuses inspection resource on activities that are high risk or with businesses have a history breaking the law.
- 5.4 **Minimum standards and local flexibility.** Councils must continue to recognise the drive for services to provide industry and consumers with minimum standards, competency and consistency. But there is also a real potential for increased local flexibility to cut through red tape for responsible businesses and focus most regulation on those that fail to comply with the law. For example, licensing regimes could provide a framework from which councils then have full flexibility to deregulate and operate earned autonomy based on local priorities and knowledge. Councils could offer responsible businesses longer licence periods, making space for closer regulation and inspection on high risk businesses.
- 5.5 **Councillors as leaders.** Councils already have a range of tools that help them to cut through red tape and provide vital support for businesses in their area, including Local Enterprise Partnerships, Primary Authority and Home Authority. All of these provide new ways of engaging businesses, including an increased role for trade assurance schemes and boosting local economies. And while we hope to initiate a fundamental debate about what we should expect from 'regulation', we could also recognise that there are still opportunities for us to explore different delivery models that make the best use of our depleted resource and expertise.
- 5.6 **What do we need from Government?** The LGA discussion paper also aims to provide us with a clear set of requirements from Government, focused on increasing local flexibility, removal of unnecessary law and challenges to some of the burdens created by Europe.

Engaging members

6. We want to ensure that the broad principles above accurately reflect the priorities and requirements of our member authorities, therefore we will need to undertake specific engagement with both elected members and officers before the LGA discussion paper on the future of local regulation is published.
7. We propose that there is the opportunity for Councillor Paul Bettison, as LGA regulatory champion, and Councillor Nilgun Canver, as LGA Licensing Champion, to lead this work and host a short workshop with interested elected members to understand political priorities and experiences of regulation. In addition, we propose to work with trusted networks of advisors both on the principles of the paper and draft proposals as the work progresses. A draft paper will then be shared with all Stronger and Safer Communities Board members for comment before publication.
8. If agreement is reached, then the final discussion paper will be published at the annual Regulatory Year Ahead event in February 2013.