

15 September 2014

Proposed 'Future of regulatory services' workstream

Purpose

For decision.

Summary

This paper sets out proposals for the next phase of work under the heading the 'future of regulatory services.'

Recommendation

That Board agree the proposals in this paper, and approve the accompanying report subject to comment and / or amendment.

Action

Officers to progress as directed.

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Proposed future of regulatory services workstream

Background

1. The Board will recall that in early 2014, the LGA commissioned a piece of research on 'regulatory services officers of the future.' The objective of the work was to examine possible directions for the development of the future roles and skills of regulatory services officers in the context of reduced funding, service reorganisation and the economic growth role set out in *Open for Business*; and the implications for professional bodies, councils and officers.
2. The work was undertaken by Dr Wendy Hirsh, a Fellow at the Institute of Employment Studies. As part of the research, Dr Hirsh spoke to around 35 councillors and officers, as well as representatives of relevant professional bodies and government departments.
3. The findings were shared with the LGA in Spring. This report sets out proposals for the most appropriate way to build on this research.

Findings from the regulatory services officer of the future work

4. The research outlined a set of very interesting findings about these services:
 - 4.1. As expected, these already small services have suffered from the impact of the significant reduction in local government funding. Since many councils have used voluntary severance and early retirement to deliver staff reductions, the overall reduction in staffing has been accompanied by a significant reduction in expertise and experience.
 - 4.2. The research highlighted the sheer multitude of different interfaces between regulatory services and other policy areas and organisations eg, licensing and environmental health with public health; licensing and trading standards with community safety; all regulatory services with economic growth. Local partners and relevant national regulators include the police, FRAs, Food Standards Agency, Health and Safety Executive, Animal Health and Veterinary Laboratory, Environment Agency and Consumer and Markets Authority.
 - 4.3. The report flagged concern among some professionals working in these services that they are badged as 'regulatory services' when regulation is just a small part of their work that is secondary to broader objectives such as public health and protection. It noted the recent impact of the better and deregulation agendas, and that economic growth through supporting local businesses was a key driver for regulatory services. However, it questioned whether budget cuts would drive the services away from a broader approach to a much narrower focus on regulation and enforcement.
 - 4.4. Many councils have reduced the number of directorates to achieve savings, meaning that regulatory services are often contained in wide ranging directorates alongside a number of other services. Heads of service are often two or three tiers lower down in management structures than they might previously have been.

- 4.5. There are no clear trends or patterns about the location or organisation of services, with significant variation in different places. Similarly, there was no clear consensus on whether regulatory services are likely to move closer together or further apart, which was one of the issues the research was asked to focus on.
 - 4.6. Managers felt that there were skills gaps in the workforce around business understanding, but also at times a lack of confidence to take enforcement action.
 - 4.7. There has been limited development in regulatory services in terms of outsourcing, the creation of mutuals and so forth. There are some examples of shared services within and across regulatory services, but much more informal sharing of officer expertise in different specialisms across councils.
 - 4.8. Some regulatory structures are the legacy of central government policies which are not necessarily consistent and which frequently do not make life easier for local councils charged with delivering them. As the LGA highlighted in *Rewiring Licensing*, for example, licensing as a discipline has been created out of successive government's fragmented approach to mandating licensing of different activities.
5. One of the key findings from the research was that regulatory services are at a crossroads in terms of the direction they take from here. The report expressed concern about the sustainability of services in some places, and about national resilience in the face of future outbreaks or emergencies. It warned that further budget cuts will neither deliver the savings that councils need, nor help to ensure sustainable services addressing the statutory duties that councils are obliged to meet, or potentially even simply those that they would choose to prioritise.

Taking the debate forward

6. The objective of the next phase of this workstream is therefore to prompt strategic thinking at individual authority and sector wide level about the future of these services. This is not about trying to mandate the sector into coming up with a particular or uniform answer to the challenging questions regulatory services face; it is about trying to get these issues further up the agenda and moving people into a new space in terms of the debate and questions being asked.
7. Specifically, while the starting point for this work could be seen as negative – in terms of needing to respond to budget cuts and the threat to current services – an alternative view is that this is an opportunity for councils and their partners to think long and hard about what is needed from regulatory services and how best to deliver this. While probably the most challenging and difficult question relates to what smaller services can be expected to deliver with much fewer resources, and which activities we agree still need to be undertaken, there is subsequently scope to explore radically different models, such as greater use of self-regulation by businesses and the right balance between state, business and consumer funding for some of these activities.
8. If local government does not engage in this type of thinking, there is a risk that others (such as national regulators, who have an important stake in these services, government departments and professional bodies) will lead the agenda, and ultimately reach decisions about the future of these services rather than councils. For example, the Trading Standards Institute are looking at these issues as the follow on to their 'national

Conversation' work, and the Department for Business, Innovation and Skills are taking a keen interest in preparation for the National Audit Office's 2015 review of the consumer protection landscape. Similarly, as part of the work to develop their 2015-2020 strategy, the Food Standards Agency are looking at responsibilities that councils are currently charged with delivering.

9. There is also a risk that services in some place may ultimately become unviable, which could cause significant reputational damage in the event of a serious breach in one of these services.
10. We will use all of our existing networks, blogs, scheduled conferences and meetings to engage councils and their partners in this debate. In addition, we also intend to run a series of specific activities focusing on these issues, including: publishing a 'future of regulatory services' report outlining the research findings and key questions about the future of regulatory services - a draft report is attached for comment and discussion; holding a seminar with professional bodies, officers and the Better Regulation Delivery Office to share workforce focused findings from the original research; running telephone interviews with individual councillors and chief executives / chief officers to gauge the opinion of key local government decision makers not routinely involved in this work; and hosting a facilitated roundtable with senior regulatory services professionals, national regulators, chief executives, councillors, government and professional bodies to explore some of the issues and identify high level options to explore going forward.
11. We will subsequently review this work and how to take it forward in 2015, when it will also be able to shape our contribution to the next comprehensive spending review.
12. We believe that as local government funding is further reduced, and the largest services make even greater demands on budgets, there will be an increasing need for this type of discussion about smaller council services. Members are therefore asked to:
 - 12.1. Approve the proposal for the next phase of work on the future of regulatory services with any necessary amendments.
 - 12.2. Provide comments on and approve the draft *Future of regulatory services* report.

Financial Implications

13. None.