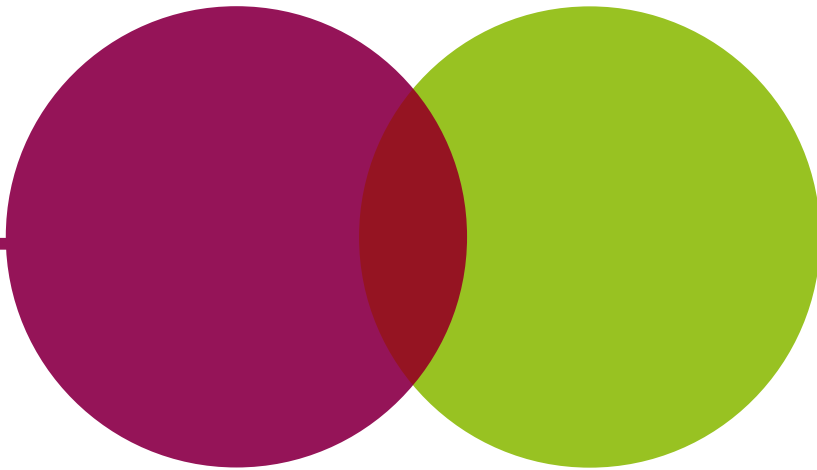




National Audit Office



INSIGHT


# Lessons learned:

## How to deliver effective regulation locally

Cross-government

---

SESSION 2022-23  
26 MAY 2023  
HC 1373



**We are the UK's  
independent public  
spending watchdog.**

**We support Parliament  
in holding government  
to account and we  
help improve public  
services through our  
high-quality audits.**

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2021, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £874 million.



National Audit Office

# Lessons learned: How to deliver effective regulation locally

Cross-government

---

## Report by the Comptroller and Auditor General

Ordered by the House of Commons  
to be printed on 24 May 2023

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

---

**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

17 May 2023

## Lessons learned reports

Our lessons learned reports bring together what we know on important recurring issues to make it easier for others to understand and apply the lessons from our work.

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact [copyright@nao.org.uk](mailto:copyright@nao.org.uk). Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.



# Contents

**Summary** 4

**Part One**

Introduction 7

**Part Two**

Designing locally delivered  
regulatory systems 12

**Part Three**

Effective delivery 22

**Part Four**

Learning and improvement 27

**Appendix One**

Scope and our evidence base 35

This report can be found on the National Audit Office website at [www.nao.org.uk](http://www.nao.org.uk)


If you need a version of this report in an alternative format for accessibility reasons, or any of the figures in a different format, contact the NAO at [enquiries@nao.org.uk](mailto:enquiries@nao.org.uk)


The National Audit Office study team consisted of:


Meg Callanan, William Johnson, Sofie Lindebjerg, Robindra Neogi, Ivan O'Brien, and Sarah Pearcey under the direction of Charles Nancarrow.

For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

 020 7798 7400

 [www.nao.org.uk](http://www.nao.org.uk)

 @NAOorguk

## Summary

**1** The government uses regulation to achieve public policy objectives in circumstances where it does not provide or commission services directly. Effective regulation that is proportionate to the scale of harm being addressed can protect citizens and the environment and promote competition and a level playing field for business. However, regulatory failure can result in harm to people, businesses and the environment and result in large costs to the public purse, while excessive regulation can overburden businesses and harm economic growth. Local government regulatory services play a key role in the UK's regulatory landscape, including administering and enforcing regulations set by government departments and national regulators such as the Food Standards Agency and the Health and Safety Executive.

**2** This report brings together our learning and identifies eight areas for government departments and national regulators to consider when designing, delivering and improving regulation involving local regulatory delivery.

---

## Summary of key learning

The matters for consideration outlined here are aimed at both government departments and national regulators unless otherwise specified

### Designing locally delivered regulatory systems

#### Clarity of aims and objectives

Set clear regulatory objectives and understand how local regulatory delivery contributes to achieving national regulatory aims. Articulate this in a clear strategy and review it as circumstances change.

#### Clarity of roles and responsibilities

Government departments should assess what level of oversight of local regulatory delivery by national regulators or government departments is appropriate, including whether mechanisms are in place to address local regulatory failure if these are required.

Ensure roles and responsibilities are clear and communicated effectively, particularly where responsibilities are shared widely.

#### Determining a funding model that is fit for purpose

Government departments should assess how well the funding model addresses the regulatory objectives. This should include the scope to respond to changing risk, incentivise regulatory compliance and maintain regulatory independence where appropriate.

### Effective delivery

#### Ensuring capacity and capability

Work with local regulators to understand their capacity and capability and address constraints.

#### Having the right tools and powers

Evaluate what regulatory tools are effective and proportionate to the risk and address barriers to their use.

Determine whether there are any gaps in local regulators' tools and powers and address these gaps where appropriate.

---

---

Summary of key learning *continued*

**Learning and improvement**

**Adapting to change**

Consider whether there is sufficient flexibility and focus on outcomes within the regulatory framework to enable local regulators to adapt to changing risks.

**Measuring performance**

Identify what data are required to assess performance and how meaningful data can be collected while minimising additional administrative burdens on local regulators and regulated entities.

Consider how, for example through the proposed Office for Local Government, central government can improve the quality, comparability and accessibility of performance data from local regulatory services to improve accountability, transparency and value for money.

**Coordination and cooperation**

Identify and put in place measures to foster cooperation and coordination across local government regulators, where needed.

Identify where there may be value in further cooperation and coordination between central and local government on regulatory matters and take steps to take this forward.

Source: National Audit Office

---



# Part One

## Introduction

### **The role of local government in regulatory delivery**

**1.1** The government uses regulation to achieve public policy objectives in circumstances where it does not provide or commission services directly. Regulations are rules and expected behaviours that people and organisations should follow and will often involve one or more regulators enforcing and influencing compliance with those rules and behaviours. Effective regulation that is proportionate to the scale of harm being addressed can protect citizens and the environment and promote competition and a level playing field for business. However, regulatory failure can result in harm to people, businesses and the environment and result in large costs to the public purse, while excessive regulation can overburden businesses and harm economic growth.

**1.2** Local government regulatory services play a key role in the UK's regulatory landscape, including administering and enforcing regulations set by government departments and national regulators such as the Food Standards Agency and the Health and Safety Executive (**Figure 1** overleaf). In England, local authorities have a key role in regulating areas such as food safety and standards, product safety, workplace health and safety and licensing of gambling premises, taxis and private hire vehicles, entertainment venues and the sale of alcohol. In some areas, a single local authority provides these regulatory services, while in other areas, these regulatory responsibilities are split between county councils and district councils.

**1.3** The COVID-19 pandemic made clear the importance of local regulatory services. Local regulators including environmental health, trading standards and licensing services played a critical role in enforcing nationally set regulations in their local areas to minimise the spread of COVID-19, and in supporting economic recovery by, for example, enforcing amended licensing requirements for outdoor seating areas for restaurants and entertainment venues.

**Figure 1**  
Areas regulated by local authorities in England

Local authorities administer and enforce regulations set by government departments and national regulators in a wide range of areas



- Regulatory areas covered by recent National Audit Office audits
- Other regulatory areas

**Note**

1 This graphic provides an overview of key areas that local authorities regulate. It is not exhaustive of all local authority regulatory responsibilities.

Source: National Audit Office review of publicly available data

## **The wider regulatory landscape**

**1.4** Local government regulatory delivery sits within a complex wider regulatory landscape. Local government regulators work closely with government departments and national regulators. The Department for Business & Trade (DBT) has overall responsibility for regulatory policy and its Better Regulation Executive leads on regulatory reform across government. Many different government departments are responsible for regulatory policy in their respective areas. In some areas of regulation there are national regulators that work alongside departments and local regulators to achieve regulatory objectives. For example, the Health and Safety Executive is responsible for health and safety at work regulation and the Gambling Commission is responsible for gambling regulation. The Department for Levelling Up, Housing & Communities (DLUHC) is responsible for maintaining the overall accountability system for local government which ensures local authorities are accountable for acting with regularity, propriety and value for money in the use of their resources. It has no role in coordinating engagement between central and local government on individual services, including regulatory services.

**1.5** Local government regulatory delivery has a number of advantages. Stakeholders we spoke to told us that local regulators know their local areas and can respond to local context and local priorities, tailoring their regulatory approaches accordingly. Local administration and enforcement of regulation is particularly well suited to areas of regulation that are place-based, as local regulators can oversee regulations that affect the local area and its physical environment and tackle issues holistically from this perspective. For example, local government regulators can have a role in shaping local high streets by setting the licence conditions for pubs and entertainment venues, enforcing fair trading regulations and providing advice and guidance on food safety and standards in local restaurants and takeaways.

**1.6** However, alongside these advantages, this report sets out a number of challenges inherent in local regulatory delivery that stem from the complexity of a devolved regulatory system:

- **Complex accountability**

In devolved regulatory systems, as in other policy areas which are split between national and local government, accountability for performance and value for money is complex. Local government regulators are accountable for their performance to their local electorate through democratically elected councillors. However, government departments and national regulators are also accountable for effective regulatory delivery in their respective policy areas. This has the potential to create tension between local priorities and national regulatory objectives if these do not align.

- **Coordination and cooperation in a devolved regulatory system**

Coordination and cooperation across local government regulators and between local and national regulators can bring with it economies of scale, greater consistency for regulated bodies, and the benefits of shared expertise and innovative practice. However, this is challenging in a highly devolved system, with more than 300 local authorities delivering regulatory services in England. There may be cross-cutting issues, for example, reforming regulatory funding models, tackling emergencies such as the COVID-19 pandemic, and addressing issues with capacity and capability in regulatory services that could benefit from greater cross-government coordination. There is currently no coordinating function in central government that is responsible for understanding the scale and scope of regulatory functions placed on local government by different government departments, which can act as a liaison point between central and local government to address and respond to cross-sector issues when they arise.

- **Understanding what works**

Measuring the overall effectiveness of regulatory interventions is particularly challenging when multiple bodies are involved in regulatory delivery. Government departments and national regulators need to collect data from local government regulators to understand the effectiveness of the regulatory interventions and their enforcement. However, this places an administrative burden on local government regulators and there are often issues with the quality, comparability and consistency of the data collected.

## The purpose of this report

**1.7** We have carried out a number of audits of regulatory areas which involve varying degrees of local regulatory delivery, including audits of the regulation of the private rented housing sector, product safety, gambling and food safety and standards. These audits have found recurring issues that affect the effectiveness of local regulatory delivery. This report identifies the lessons learned from our back catalogue of regulatory audits and draws on our previous guidance on the *Principles of effective regulation* to identify issues to consider when designing and delivering local regulation. This review was supplemented by interviews with government departments, national and local regulators and wider stakeholders to test and refine our findings (see Appendix One for detailed methodology). The report is aimed at government departments and national regulators, to support them to work with local regulators to design and operate effective regulatory systems. We use examples throughout to illustrate the key learning and highlight ways in which regulators have sought to address the challenges they face.

**1.8** From our audits and supplementary fieldwork, we highlight lessons in three areas.

- Designing locally delivered regulatory systems, including: establishing clear aims and objectives; ensuring clarity of roles and responsibilities; and determining appropriate funding models (Part Two).
- Efficient and effective delivery of regulation locally, including: addressing issues of capacity and capability; and effective use of regulatory tools and powers (Part Three).
- Learning and continuous improvement, including: adapting to change; measuring performance; and facilitating coordination and cooperation (Part Four).

**1.9** The report focuses on how national regulatory objectives are delivered locally and the relationship between central government and local regulators. It does not look at local regulatory activity that is locally determined and delivered.

## Part Two

### Designing locally delivered regulatory systems

#### Clarity of aims and objectives

**2.1** Clear regulatory aims and objectives are crucial for ensuring that all parts of a regulatory system including local regulators work effectively together. A strategy that incorporates all aspects of a regulatory system and articulates how the various parts are intended to work together helps ensure a coherent approach.

**2.2** Our audits have found examples of areas of regulation which have lacked a clear strategic vision for how local regulatory delivery contributes to achieving the overall regulatory objectives. Our 2021 audit of the regulation of the private rented housing sector found the Department for Levelling Up, Housing & Communities (DLUHC) did not yet have a vision for how it wanted the regulation of the sector to look and a strategy to get there. Stakeholders we interviewed considered that the system was fragmented, overly complex and characterised by piecemeal legislative changes and, at the time, DLUHC was looking to take a more strategic approach. Our 2021 report on product safety regulation also found that the Office for Product Safety and Standards (OPSS) had not yet developed a vision for what the overall system of product safety regulation should look like or articulated the future role of trading standards services in product safety regulation. Until this was in place the report concluded that OPSS would not be able to ensure the regime was sustainable and effective at protecting consumers from harm.

**2.3** Without a clear strategy and rationale for local regulatory delivery, it is more difficult to assess whether the regulatory model is working as intended or needs reform. As set out in Part One, local regulatory delivery is well suited to areas of regulation that are place-based, as local regulators can oversee regulations that impact on the local area and tackle issues holistically. However, our audits have shown that economic, technological and cultural change (for example, the growth in online sales and complex global supply chains) can create challenges for local regulatory delivery models designed for place-based local markets. For example, our 2011 audit of consumer protection regulation found that the system was weighted in favour of tackling local priorities, despite much of the consumer harm occurring at the regional and national level. In 2012, National Trading Standards (NTS) was created to address this issue and improve coordination across the system.

### Matters for consideration

Set clear regulatory objectives and understand how local regulatory delivery contributes to them. Articulate this in a clear strategy and review it as circumstances change.

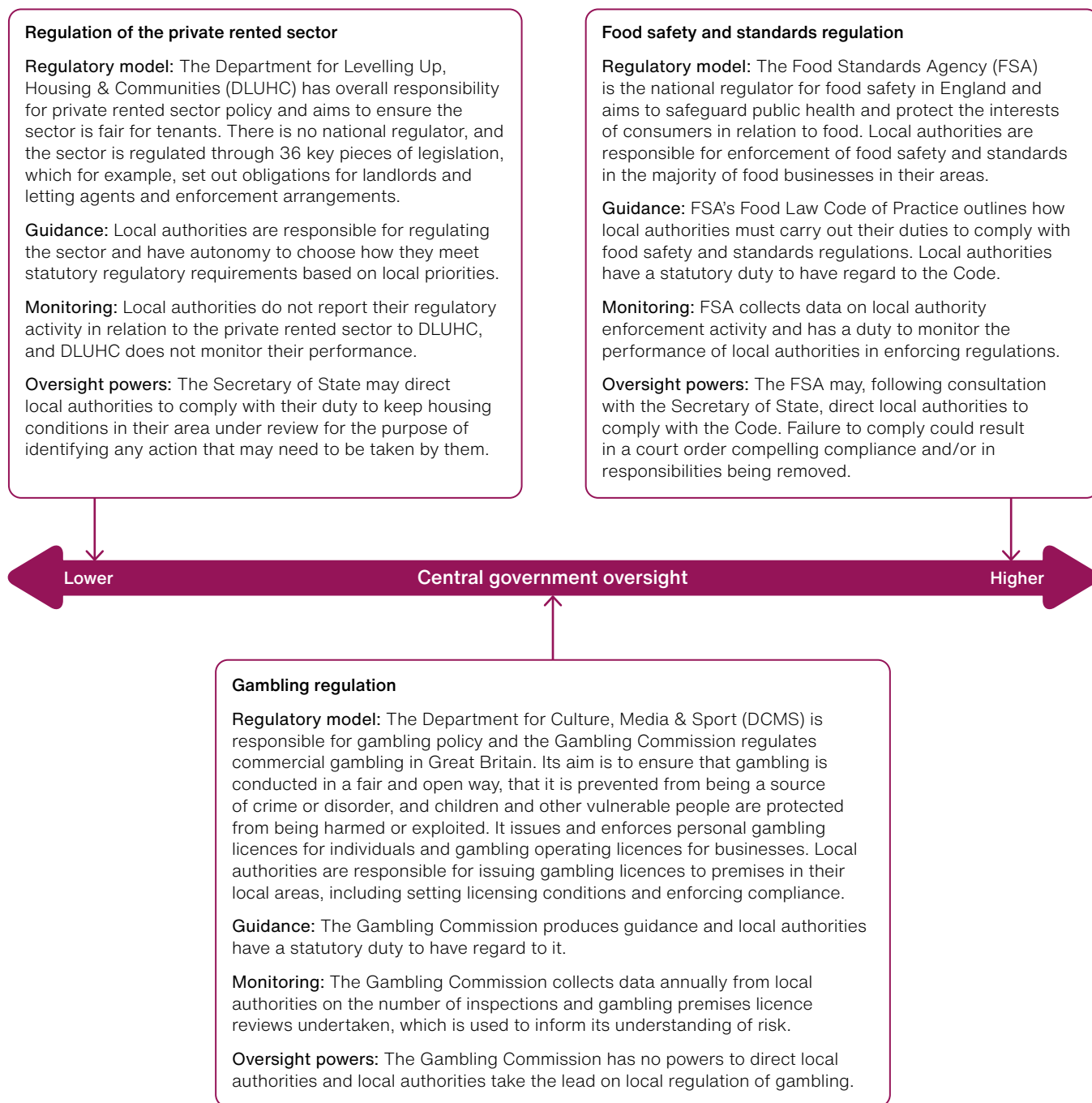
## Clarity of roles and responsibilities

**2.4** In a complex devolved system, clarity of roles and responsibilities between the different bodies involved is important for avoiding duplication of effort and regulatory gaps, as well as ensuring that resources are efficiently allocated and there is clear accountability. Clarity over accountability for performance and value for money is also important. As set out in Part One, accountability in devolved regulatory systems is complex, with local regulators accountable for their performance to their local electorate, and government departments and national regulators accountable for effective regulatory delivery in their respective areas. Unclear accountability or accountability without appropriate ways to influence delivery are risks to effective regulatory delivery.

**2.5** Central government oversight and influence over local regulatory delivery varies widely across sectors. We would expect there to be variation because the risks from regulatory failure vary and therefore different oversight models are likely to be appropriate. **Figure 2** overleaf illustrates the different levels of oversight central government departments and national regulators have in different areas of local regulatory delivery. For example, in gambling regulation, the Gambling Commission produces guidance which local authorities have a statutory duty to have regard to. However, it has no duty or powers to intervene if a local authority is not fulfilling its regulatory duties under the Gambling Act 2005. In the regulation of the private rented sector, the Secretary of State has powers to direct local authorities to comply with their duty to keep housing conditions under review, but DLUHC does not routinely collect performance data on regulatory activity. In contrast, the Food Standards Agency has a duty to monitor local authority performance and powers, following consultation with the Secretary of State, to direct a local authority to comply with the Food Law Code of Practice, although these powers have never been used.

**Figure 2**  
Central government oversight of local regulatory delivery

Levels of central government oversight of local regulatory delivery vary across sectors



Source: National Audit Office review of publicly available data



**2.6** A lack of clarity over roles and responsibilities can increase the risks of inefficiencies and regulatory gaps. In 2021, for example, we found there was a lack of clarity over the role of local authorities in achieving net zero, creating a risk that local authority action towards net zero was not as widespread, coordinated or targeted as it needed to be.

**2.7** Regulatory responsibilities split across multiple bodies both nationally and locally can also make regulatory delivery more challenging. In food safety and standards regulation, for example, policy responsibility is split across three government departments, and in 2019 local authorities informed us that it was not always clear which body to approach for policy guidance. Locally, in some areas of England, regulatory responsibilities are also split between county councils (upper-tier) and district councils (lower-tier). These arrangements can make joined-up working more complex, and effective regulation is dependent on good partnership working locally.

#### Matters for consideration

Government departments should assess what level of oversight of local regulatory delivery by national regulators or government departments is appropriate, including whether mechanisms are in place to address local regulatory failure if these are required.

Ensure roles and responsibilities are clear and communicated effectively, particularly where responsibilities are shared widely.

### **Determining a funding model that is fit for purpose**

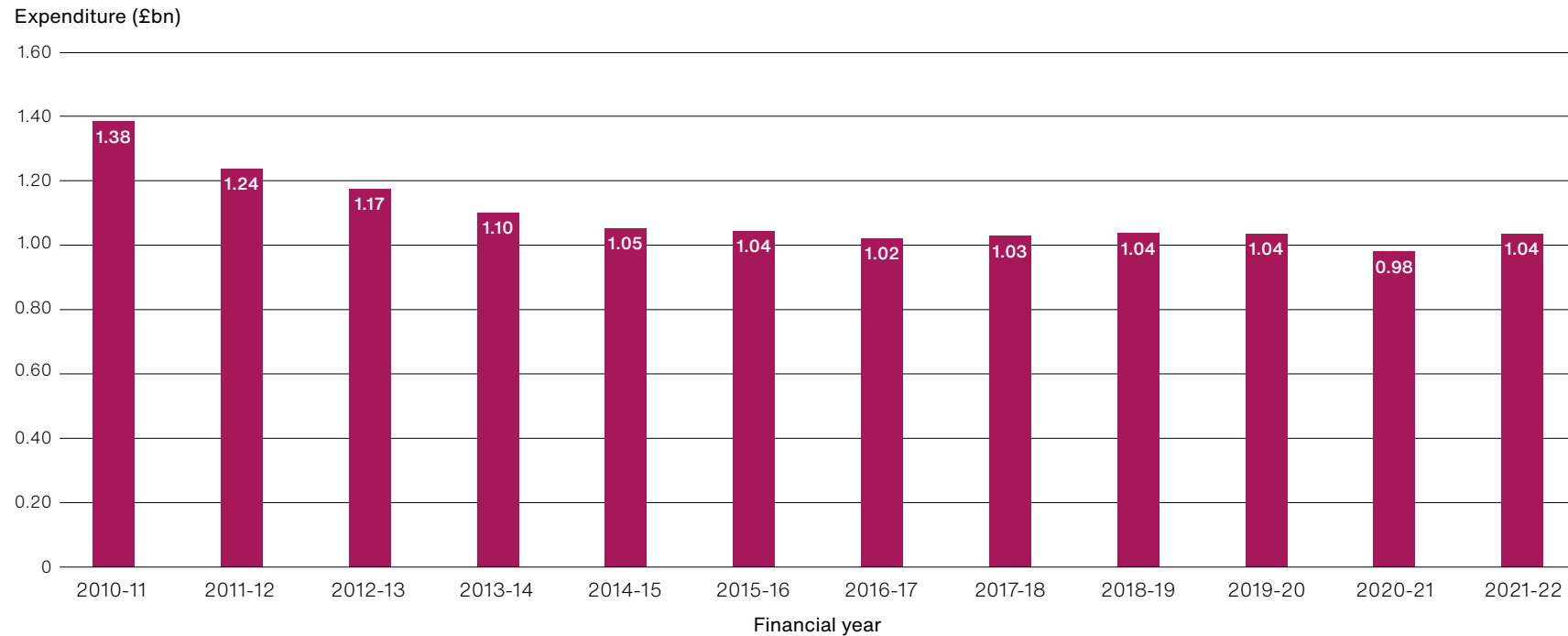
**2.8** To regulate effectively, regulators must have adequate funding levels that enable them to fulfil their objectives and operate efficiently and effectively. The model of funding has implications for regulatory effectiveness.

**2.9** In the context of a decline in local authority expenditure in recent years, expenditure on regulatory services has fallen in real terms. Between 2010-11 and 2021-22 local authority expenditure on regulatory services in England fell by approximately 25% from £1.38 billion to £1.04 billion in 2021-22 prices (**Figure 3** overleaf). **Figure 4** on pages 17 and 18 shows that local authorities have sought to protect spending on adult and children's social care services despite a decline in expenditure on services overall. Expenditure on regulatory services has declined, as has local authority expenditure overall on all non-social care services. For example, in 2021-22, total social care services expenditure was around 16% higher than 2010-11 levels, while regulatory services expenditure was around 25% lower, and non-social care services expenditure overall was 18% lower.

**Figure 3**

Local authority regulatory services expenditure in England, 2010-11 to 2021-22

Local authority expenditure on regulatory services has declined from £1.38 billion in 2010-11 to £1.04 billion in 2021-22 (in 2021-22 prices)

**Notes**

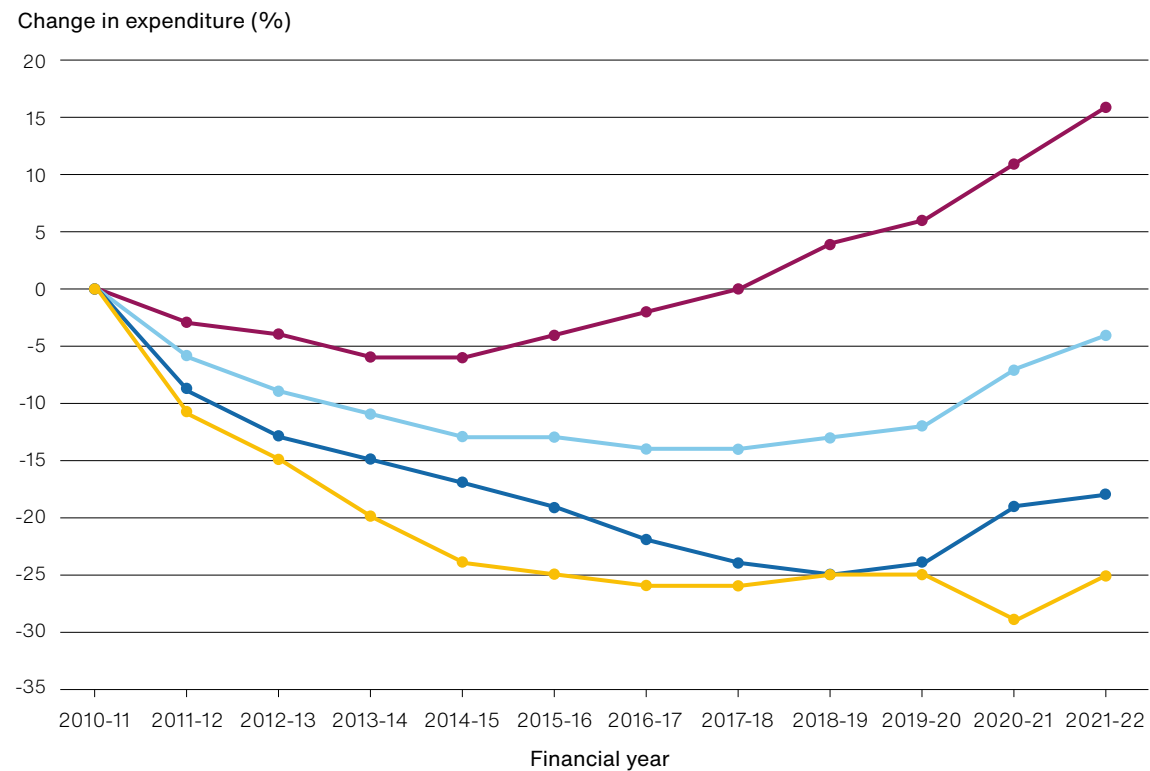
- 1 Analysis based on local authority expenditure in England including the Greater London Authority.
- 2 Data are in 2021-22 prices and have been adjusted for inflation using the GDP deflator.
- 3 Figures have been rounded.

Source: National Audit Office analysis of local authority revenue outturn (RO) returns

### Figure 4

#### Change in local authority services expenditure in England, 2010-11 to 2021-22

Local authority expenditure on regulatory services has declined by approximately 25% since 2010-11 (in 2021-22 prices)



● Change in social care expenditure (%)	0	-3	-4	-6	-6	-4	-2	0	4	6	11	16
● Change in total services expenditure (%)	0	-6	-9	-11	-13	-13	-14	-14	-13	-12	-7	-4
● Change in non-social care services expenditure (%)	0	-9	-13	-15	-17	-19	-22	-24	-25	-24	-19	-18
● Change in regulatory services expenditure (%)	0	-11	-15	-20	-24	-25	-26	-26	-25	-25	-29	-25

---

**Figure 4** *continued*

## Change in local authority services expenditure in England, 2010-11 to 2021-22

**Notes**

- 1 Analysis based on local authority expenditure in England including the Greater London Authority.
- 2 Total services expenditure is defined as services expenditure that local authorities have discretion over. It includes spending on adult social care, central services, children's social care, culture and related services, environment and regulatory services, highways and transport services, housing services (General Fund Revenue Account only), and planning and development services. Social care expenditure is a sub-set of that expenditure and includes expenditure on adult and children's social care. Non-social care services expenditure is a sub-set of total services expenditure including all services expenditure except adult and children's social care. Regulatory services expenditure is a sub-set of total services expenditure, including all expenditure under the regulatory services category of the local authority revenue outturn (RO) returns. We have excluded local authority spend on services for young people and Sure Start children's centres from spending on children's social care. This funding had previously been recorded under education services.
- 3 Data are in 2021-22 prices and have been adjusted for inflation using the GDP deflator.
- 4 Figures have been rounded.

Source: National Audit Office analysis of local authority revenue outturn (RO) returns

---

**2.10** There are a range of ways local regulatory services are funded. Here we describe the three main funding models and set out their benefits and limitations as identified by our past audits and the stakeholders we spoke to, including national regulators, local authorities and wider stakeholders.

### Core local authority budgets

**2.11** Local authorities fund some regulatory services from their core budgets, using the income they receive via government grants, council tax revenue and business rates. Local authorities allocate these funds based on local decision-making and local need. Regulatory services, including food safety and standards, trading standards services and workplace health and safety regulation, are mainly funded from these budgets.

#### Benefits

- Funding from core budgets provides local authorities with maximum flexibility to determine their local priorities and allocate funding accordingly.
- Funds can be used across a range of priorities without the need to account for separate budgets.

#### Limitations

- Regulatory services are competing for funding with other local government priorities. Our audits have found that regulatory services funded from core local authority budgets have come under increasing pressure in recent years, as local authorities have seen reductions in their overall budgets. For example, our 2019 audit *Ensuring food safety and standards* reported an estimated 19% fall in local authority expenditure on food hygiene controls between 2012-13 and 2017-18 (in 2017-18 prices). Our 2021 audit *Protecting consumers from unsafe products* reported a 39% fall in local authority trading standards expenditure in England between 2010-11 and 2019-20 (in 2019-20 prices).

## Fees and charges

**2.12** Fees and charges are used in some regulatory services to recover costs from the businesses being regulated. For example, local authorities charge licence fees for premises selling alcohol, gambling premises and taxi and private hire vehicles. The fees are sometimes set locally, for example in the case of taxi and private hire vehicles, while in other cases fees are set nationally and prescribed in legislation, for example, for premises selling alcohol. The fees are intended to cover the costs of administering and enforcing these regulatory services, thereby ensuring they are sustainable and self-funding.

### Benefits

- Fees and charges set at full cost recovery can ensure regulatory services are sustainable.
- A cost-recovery model can support the principle that the regulated entities that benefit from the regulated activity should bear the cost of regulation rather than the general taxpayer.
- Fees and charges may offer the opportunity to incentivise regulatory compliance through 'earned recognition' models. For example, some local authorities operating licensing schemes for landlords in the private rented sector offer discounted fees to landlords participating in accredited landlord schemes.
- Nationally set fees and charges offer consistency and certainty for businesses while locally set fees and charges provide greater scope for local authorities to tailor fees to their regulatory costs and respond to changing regulatory risks.

### Limitations of nationally set fees and charges

- Challenges may occur when the fees set do not match the costs. For example, in 2021-22, around 66% of local authorities reported that their expenditure on licensing activities exceeded their income.<sup>1</sup> Nationally set licence fees under the Licensing Act 2003 have not been updated since they came into force in 2005. Similarly, national fee caps for gambling premises licences have not been updated since they came into force in 2007. A lack of data on local authority income and expenditure under these nationally set licence fee models means it is difficult for government departments responsible for setting the fees to determine whether they are set at the right level.

<sup>1</sup> Based on 288 local authorities reporting income and expenditure on licensing of alcohol, entertainment, and taxis and private hire vehicles in 2021-22 as defined in the local authority revenue outturn (RO) returns, line 230.

### **Limitations of locally set fees and charges**

- Determining and setting the level of fees locally can be an administrative burden on local authorities.
- Wide variation in how local authorities determine their fees can lead to different fees in neighbouring local authorities, which may be perceived as unfair by regulated bodies.
- While in general local authorities are expected to set fees at a rate which covers their costs, they may be incentivised to set fees below cost to encourage economic activity at the expense of sustainable regulatory funding.

### Ring-fenced grants

**2.13** Ring-fenced grants are used to fund some regulatory services or time-limited projects. For example, the Air Quality Grant Programme funds local authorities to help them meet their statutory duties under the Environment Act 1995 to improve air quality. The OPSS provides grants to local authorities to fund product safety enforcement on imports at ports (see **Figure 5**). Some central government departments allocate grants to local authorities for specific regulatory activities with coordination and support from National Trading Standards. For example, the Food Standards Agency funds animal feed regulatory enforcement through annual grant allocations to local authorities this way.

---

### **Figure 5**

Case example: Office for Product Safety and Standards (OPSS)  
Ports and Borders Programme

#### **OPSS provides grant-funding to local authorities to support product safety enforcement at ports and borders**

---

The OPSS Ports and Borders Programme aims to strengthen the UK's market surveillance activities at ports and borders to provide effective protection against the importation of unsafe products. OPSS provides grant-funding to local authorities with ports and borders in their jurisdiction to support this work, because the benefits of effective controls at ports and borders goes beyond the individual local authority's boundaries. OPSS provides intelligence to support enforcement activity at the border and collects monthly performance data including details of the number of unsafe products removed from the UK market, to enable it to monitor performance and inform future risk-based targeting of activity. In 2022-23, OPSS has allocated a budget of around £2.3 million to this fund.

---

Source: National Audit Office review of Office for Product Safety and Standards documents

---

**Benefits**

- Ring-fenced grants can ensure that specific regulatory activities take place.
- In cases where the regulatory activity benefits wider society beyond the boundaries of the individual local authority (for example, product safety checks at ports), targeted grants can ensure the local authority is compensated for carrying out this work on behalf of the wider community.
- Grant conditions and reporting requirements provide an opportunity for government departments or national regulators allocating grants to prescribe the scope of the regulatory activity, target the work on areas of risk based on a national assessment, and receive assurance over the regulatory activity carried out.

**Limitations**

- Grants can be burdensome to administer for both the grant giver and grant recipient. National regulators told us that administering grants was feasible for discrete small areas of regulation but less practical for larger areas of regulation delivered by local authorities where the administrative burden would be higher.
- Ring-fencing can be less efficient because local authorities have less flexibility to allocate funds across priorities and find efficiencies in regulatory delivery.
- Grants may distort local regulatory priorities by redirecting resources towards some regulatory areas at the expense of others.
- Grant-funding that is awarded through competition may risk value for money if funding goes to the local authorities with the capacity and resources to bid for them, rather than the areas of greatest need, a risk set out in our study on *Local government and net zero in England*.
- Short-term grants can discourage medium- and long-term planning, increasing the risk to value for money. For example, single-year grants mean it can be difficult for local regulators to employ permanent staff because of the funding uncertainty.

**Matters for consideration**

Government departments should assess how well the funding model addresses the regulatory objectives that have been set. This should include the scope to respond to changing risk, incentivise regulatory compliance and maintain regulatory independence where appropriate.

## Part Three

### Effective delivery

#### Ensuring capacity and capability

**3.1** To be effective, local regulators need sufficient capacity and skills to identify and respond to problems and challenges in the areas they regulate. Regulatory services are delivered by a range of staff in local government including trading standards officers and environmental health officers. In certain regulated areas, staff are required to have specific qualifications as set by a national regulator. For example, the qualifications required for officers carrying out food hygiene enforcement are set out by the Food Standards Agency (FSA) in the Food Law Code of Practice.

**3.2** Our audits have repeatedly found capacity and capability challenges in local regulatory services, with local authorities reporting recruitment and retention challenges that affect their ability to regulate effectively. For example, our 2016 report *Protecting consumers from scams, unfair trading and unsafe goods* reported on reductions in spending and staffing levels in local authority trading standards departments, which had led to gaps in enforcement. A 2021 survey by the Chartered Institute of Environmental Health (CIEH) found that 56% of responding local authorities had vacancies in their environmental health teams that were left unfilled for six months or more, and that 31% of respondents felt that the delivery of some statutory environmental health duties were at risk, due to resourcing issues in 2019-20.<sup>2</sup> Some local authorities we spoke to described challenges with recruiting and retaining qualified staff and raised concerns about an ageing workforce. They identified a range of reasons for the challenges they faced in recruiting and retaining staff. These included limited training opportunities for new entrants, uncompetitive levels of pay, limited career progression opportunities and competition for qualified staff with the private sector and other local authorities. These challenges were felt to have wider consequences for the workforce as existing staff had greater workloads and less capacity to support new, less experienced staff.

<sup>2</sup> Based on responses submitted between November 2020 and February 2021 from 177 out of 320 local authorities surveyed (a response rate of 55%). County councils were not included. Full survey results can be found in Chartered Institute of Environmental Health, *Environmental health workforce survey report: local authorities in England*, April 2021.



**3.3** We have seen in our recent fieldwork examples of local authorities, national regulators and professional bodies taking a range of actions to address workforce challenges.

- **Apprenticeships**

Local authorities are using apprenticeships and apprenticeship levy funding to train staff in regulatory specialisms, as an alternative route to employing graduates. Since 2019, an environmental health practitioner degree apprenticeship has been available in England and is recognised by CIEH. A level-6 trading standards professional apprenticeship, aligned to the Chartered Trading Standards Institute’s competency framework was approved for delivery in England in November 2022, and a more generalist level-4 regulatory compliance officer apprenticeship is also available in England to develop staff to support a range of regulatory services. Local authorities we spoke to welcomed these apprenticeships but raised some concerns about accessibility. For example, the environmental health practitioner apprenticeship is currently only available from four training providers, and the recently developed trading standards professional apprenticeship from one provider.

- **Regional training models**

Local authorities have worked together to pool resources and develop regional training models, creating economies of scale and drawing on expertise from across the region. **Figure 6** illustrates how a collaborative approach has been used by local authorities in the north-east of England to train new trading standards officers.

---

### **Figure 6**

Case example: North East Training Partnership – creating a regional training hub for trading standards

**Regional training models enable local authorities to pool resources and develop a pipeline of qualified staff**

Local authorities in the north-east of England have set up the North East Training Partnership to train new trading standards officers, and address concerns that the age profile of the workforce means the number of vacancies in the region will increase significantly in the next five to ten years. Participating local authorities are working together to deliver training from experienced officers, ensure trainees get the practical experience they need, and share the costs of external training. Trainees are expected to become fully qualified trading standards officers after three years, and local authorities report that the regional training model offers a more cost-effective way of delivering training, than each local authority delivering its own training programme.

---

Source: Local authority interviews and case studies of regulatory services, collated by the Office for Product Safety and Standards, 2022

---

**3.4** There were also examples of national regulators and government departments taking action to ease pressures on local authority regulatory services. Examples included:

- **Prioritisation**

The cross-government Regulatory Services Task & Finish group was convened by the Department for Levelling Up, Housing & Communities (DLUHC), in part, to address a need to coordinate cross-government expectations of local authority regulatory services during the COVID-19 pandemic. Operating between November 2020 and July 2021, the group (with membership from government departments, national regulators, professional bodies and local government) carried out a cross-government prioritisation exercise to provide clarity to local government regulators on which regulatory activities should be prioritised during a period of limited resources.

- **Skill reviews**

In 2021, the FSA published a competency framework aimed at providing flexibility in staffing by defining the competence needed to carry out an activity rather than specifying a role or profession. Capacity and capability in local regulatory services remains a key concern for FSA and it is currently carrying out a capacity and capability review, under its Achieving Business Compliance programme, which will further consider routes into the profession and the qualifications required to carry out food safety and standards regulatory activity.

**Matters for consideration**

Work with local regulators to understand their capacity and capability to regulate effectively and address constraints.

### **Having the right tools and powers**

**3.5** Availability of a range of regulatory tools and powers can support effective regulatory delivery. Under the government's Regulators' Code, regulators are expected to take a risk-based, proportionate and consistent approach to their work, including in the use of enforcement action.

**3.6** Our audits have reported on gaps in local regulators' powers, or in some cases, how existing tools and powers are too costly or complex to use appropriately. These issues increase risks to effective regulatory enforcement and can be made worse if local regulators have limited capacity and capability. Issues have included:

- **Costs of criminal prosecutions**

Our 2011 report on consumer protection regulation reported that the costs of prosecuting large consumer protection cases could be high and unpredictable, and these costs were a disincentive to effective enforcement. Our 2016 follow-up report found that national funding for enforcement of regional and national cases was insufficient and single-year funding settlements created uncertainty over funding for the most serious cases. In its 2022 response to its consultation on reforming competition and consumer policy, the government committed to exploring how to increase the resilience of local and national criminal enforcement of consumer law to manage legal and financial risks.

- **Gaps in enforcement powers**

Local regulators and wider stakeholders have reported gaps in enforcement powers which, in their view, impede local regulators' ability to enforce regulations effectively. For example, our 2017 *Air quality* audit reported that, at that time, the Local Government Association was concerned about whether local authorities had the right traffic management powers to tackle air quality effectively, with limited powers to require significant polluters such as buses and taxis to reduce emissions. Our 2019 study on food safety and standards also reported examples of powers local authorities felt would help them protect consumers, such as the option of fixed penalty notices for breaches of food standards and hygiene regulations. Gaps in enforcement powers can also occur when regulations do not keep pace with changes in regulated sectors. For example, our 2021 audit of product safety found gaps in regulators' powers to investigate and enforce product safety breaches by third-party sellers on online marketplaces.

- **Complexity of powers**

We have also found issues with local regulators struggling to use their existing powers effectively if they are complex to understand. Our report on regulation of the private rented sector found that local authorities faced barriers to understanding the regulatory tools at their disposal, including insufficient staff with the right skills, limited resources and funding, and the complexity of the legislative framework.

**3.7** Our audits have noted wide variation in levels of regulatory enforcement across local authorities. Stakeholders we spoke to told us there was a balance to be struck between local authorities tailoring their regulatory approaches to their local context and local priorities, and a need to provide consistency in regulatory enforcement for those being regulated. One method which some local authorities suggested to us was for central government to provide more guidance to local regulators to support consistent interpretation and enforcement of regulations.

#### Matters for consideration

Evaluate what regulatory tools are effective and proportionate to the risk and address barriers to their use.

Determine whether there are any gaps in local regulators' tools and powers and address these gaps where appropriate.

# Part Four

## Learning and improvement

### Adapting to change

**4.1** For regulation to be effective it must be able to identify and respond to changes in risk. Technological change, changes in modes and patterns of consumption and political change are all examples of risks to effective regulation, which can cause regulatory approaches to become outdated and less able to meet the overall regulatory objectives.

**4.2** Our audits have found weaknesses in local regulators' ability to respond to change effectively. For example, our 2021 audit of product safety found gaps in the ability of local regulators to enforce product safety regulations against third-party sellers on online marketplaces because of difficulties in determining the identity and location of the seller, which made it difficult for local authorities to know who should respond. We have also seen challenges faced by regulators in keeping up with new product types and technologies which come onto the market.

**4.3** Regulatory systems with a local delivery component arguably face specific challenges in responding to change because of the number of bodies involved, the time required to implement change across the system and the need to ensure a level of consistency in approach for those being regulated. Local regulators also need the capacity and flexibility to be able to change their regulatory approach, which can be challenging when also continuing to deliver existing services. For example, the Food Standards Agency's (FSA's) Achieving Business Compliance programme aims to modernise the way food businesses are regulated by developing new regulatory approaches in a rapidly evolving food system. The full programme is expected to take two more years to deliver, with reforms to food standards regulation being rolled out this year.

**4.4** **Figure 7** overleaf describes an example of how the National Trading Standards Estate and Letting Agency Team responded to the increasing use of online listing services for property sales and lettings to help promote the provision of key property information for consumers.

---

**Figure 7**

Case example: Improving consumer information in online estate and letting listings

**The National Trading Standards Estate and Letting Agency Team has responded to changes in how consumers access property listings to improve the information provided via online platforms**

---

The National Trading Standards Estate and Letting Agency Team (NTSELAT), is hosted by Bristol City Council and Powys County Council and funded by the Department for Levelling Up, Housing & Communities through a ring-fenced grant. It is responsible for the regulation of estate agency work in the UK under the Estate Agents Act 1979 and for overseeing the enforcement of lettings agency work under the Tenant Fees Act 2019. Over time, the estate and letting sector has seen an increase in use of online listing services for house sales and lettings. In order to improve compliance with consumer protection regulations, the team worked with property portals in the UK to improve the upfront information provided by estate and letting agents to consumers to enable them to make informed decisions. This involved agreeing a list of key information to feature in their property listings which would prevent breaches of unfair trading regulations. Making the necessary information a requirement when listing a property on the online platforms helps ensure key information is provided to consumers upfront and in a consistent way. The work aims to ensure that agents' own websites and property particulars as well as the portal listings are compliant with regulations to protect consumers and businesses from unfair trading practices.

---

Source: Local authority interviews and National Audit Office review of National Trading Standards documentation

---

**Matters for consideration**

Consider whether there is sufficient flexibility and focus on outcomes within the regulatory framework to enable local regulators to adapt to changing risks.

**Measuring performance**

**4.5** Good performance monitoring and reporting is essential to value for money. It is only by understanding what works that improvements can be made and failings addressed. It is also critical for ensuring there is accountability for regulatory performance both locally and nationally. However, as set out in our 2016 report on *Performance measurement by regulators*, measuring regulators' performance is particularly complex, because their intended outcomes are generally delivered by the organisations that they regulate, there are external factors outside regulators' control, and outcomes may not become evident for several or even many years.

**4.6** Since 2010, the government has sought to reduce the reporting burden placed on local authorities by central government, relying instead on the overall system of local accountability for assurance on how public money is spent. To provide a mechanism for improving coordination, minimising duplication and minimising the data reporting burdens on local authorities, the Department for Levelling Up, Housing & Communities (DLUHC) oversees and administers the *Single data list*, which details all the datasets that local government is required to submit to central government (including data relating to local regulatory delivery). Central government departments wishing to introduce or amend data requests must gain approval from the Single Data List Gateway Group, made up of representatives from central and local government. In February 2022, the government announced plans to strengthen accountability and transparency in the local government sector, with the creation of an independent body, the Office for Local Government, responsible for providing information about the performance of local government.

**4.7** Our audits have found gaps in the local regulatory performance data reported to national regulators and government departments. These gaps in turn affected national regulators' and government departments' ability to work effectively with local regulators and understand whether regulatory objectives were being met. We found in our 2021 report *Protecting consumers from unsafe products* that the Office for Product Safety and Standards (OPSS) had limited data on the activities of local authority trading standards services in relation to product safety, which constrained its ability to align its own enforcement activity with local interventions. Our 2021 report on *Regulation of the private rented sector* found that DLUHC had limited data on what tools and approaches were used by local authorities to regulate the sector and therefore it could not meaningfully analyse what activities were most effective at improving compliance and protecting tenants. The comparability and quality of data provided by local authorities can also be an issue. In 2022, our *Investigation into government's actions to combat waste crime in England* reported inconsistencies in how local authorities reported the number of fly-tipping incidents in their areas, which meant recent data may have underestimated the true scale of the issue.

**4.8** **Figure 8** overleaf provides an example of how the FSA is working to improve the way it monitors local authority performance on food standards enforcement.

---

**Figure 8**

## Case example: Developing performance measures for food standards regulation

**The Food Standards Agency is developing new measures to monitor local authority food standards regulation**

In our 2019 report on *Ensuring food safety and standards*, we reported that the Food Standards Agency (FSA) lacked evidence of whether it was achieving its objective of ensuring that food standards were met, and that the balanced scorecard it was developing to monitor local authority performance did not yet include a food standards performance measure. Since then, the FSA has worked on developing measures for assessing compliance with food standards and is developing key performance indicators for local authorities. These indicators are intended to capture levels of regulatory activity as well as outcome measures such as changes in levels of food business compliance with food standards regulations. It is also planning to group local authorities into similar groups to allow them to compare performance across local authorities and provide local authorities with insights to help them benchmark their performance. It expects to roll out this new approach to measuring performance as part of its wider reforms to food standards regulation from 2023, but implementation will require changes to the management information systems used by local regulators and FSA told us it is working on this issue.

Source: Comptroller and Auditor General, *Ensuring food safety and standards*, Session 2017–2019, HC 2217, National Audit Office, June 2019, and interviews with the Food Standards Agency

---

**Matters for consideration**

Identify what data are required to assess performance and how meaningful data can be collected while minimising additional administrative burdens on local regulators and regulated entities.

Consider how, for example through the proposed Office for Local Government, central government can improve the quality, accessibility and comparability of performance data from local regulatory services to improve accountability, transparency and value for money.

**Cooperation and coordination**

**4.9** Cooperation and coordination across local government regulators, and between local regulators and central government, is important for both effective regulatory delivery and longer-term learning and improvement. It can bring with it economies of scale, greater consistency for regulated bodies and the benefits of shared expertise and innovative practice.



## Cooperation and coordination between central government and local regulators within regulatory sectors

**4.10** Without effective cooperation and coordination between central government and local regulators (and clarity on roles and responsibilities as set out in Part Two), our audits have found that local regulatory delivery can be fragmented and regulatory issues that cross local government boundaries risk falling through the gaps or alternatively leading to duplication of effort. Our audits have found weaknesses in how central government coordinates and works with local regulators in a range of areas.

- **Intelligence and information sharing**

Our 2019 report *Ensuring food safety and standards* reported that, at that time, the FSA had discontinued its national sampling programme for food standards in 2017-18. This was because it was unable to collate a full picture of local authority sampling activity, and this limited its value as comprehensive surveillance data from which firm conclusions about food risk or new and emerging threats could be drawn. Our 2018 report on the Renewable Heat Incentive also found Ofgem was not proactive, at that time, in sharing its data to assist local authorities in their air quality monitoring and enforcement activity.

- **Cross-boundary regulatory enforcement**

There are weaknesses in local regulatory delivery when problems occur at a regional or national level, but regulatory enforcement is focused on local issues. Our 2011 report *Protecting consumers – the system for enforcing consumer law* found that although much consumer harm occurred at the regional and national level, there were strong disincentives for local authorities to investigate and prosecute these cases because which local authority or national body was responsible for enforcement was not clear and the costs and financial risks of prosecuting big cases were a deterrent.

- **Consultation and communication**

Our audits have found weaknesses in how central government consults and engages with local government in areas where regulation may play a key role in delivery. Our 2017 report on *Air quality* found that the Joint Air Quality Unit established by the Department for Environment, Food & Rural Affairs and the Department for Transport to oversee delivery of government's plan for tackling air quality, did not include local authorities or the Local Government Association on its oversight board, even though local government was expected to develop and implement plans to secure compliance with statutory limits on air pollution and improve air quality as quickly as possible. Our 2021 audit of *Local government and net zero* also found that government's engagement with local authorities had not yet been sufficiently strategic or coordinated to determine a clear role for local authorities in delivering the net zero target.

**4.11** Our audits have found central government and local regulators are addressing these challenges in a range of ways. Examples include:

- **Data-sharing**

National regulators have set up databases to collect data from local regulators to build a national intelligence picture and support market surveillance. Examples include the OPSS's creation of the Product Safety Database, which collects data from local authorities on unsafe and noncompliant products, and the FSA's development of a national register for food businesses.

- **Regional and national liaison groups**

Regional and national liaison groups are used to bring regulators together to share intelligence, discuss operational issues and share good practice. Examples included liaison groups for regulatory sectors such as food and health and safety. Local government regulators told us they found it helpful when representatives from central government attended these liaison groups.

- **Coordinating bodies and structures**

National regulators and government departments have put in place and provided funding for coordinating bodies and structures. **Figure 9** illustrates how National Trading Standards (NTS) was established to support coordination and cooperation in consumer protection regulation.

---

### **Figure 9**

Case example: The role of National Trading Standards in supporting coordination in consumer protection regulation

#### **National Trading Standards was established to improve coordination across trading standards services**

Our 2011 report *Protecting consumers – the system for enforcing consumer law* found that although much consumer harm occurred at the regional and national level, incentives in the regulatory system were weighted in favour of tackling local priorities. To address this issue and improve coordination across the system, in 2012 the government established National Trading Standards (NTS). NTS supports and funds a number of coordinating functions, both nationally and regionally. These include the National Intelligence team which provides an intelligence function that identifies emerging risks and the National Tasking Group which determines how to address the most complex and serious consumer protection cases including cases that cut across local authority boundaries. Our follow-up report in 2016 *Protecting consumers from scams, unfair trading and unsafe goods* found that the coordination and case management of trading standards work had improved since 2011 as a result. In 2021-22, NTS spent around £6.8 million on funding projects and supporting local trading standards services to investigate and prosecute cases in priority areas.

Source: Comptroller and Auditor General, *Protecting consumers – the system for enforcing consumer law*, Session 2010–2012, HC 1087, National Audit Office, June 2011; Comptroller and Auditor General, *Protecting consumers from scams, unfair trading and unsafe goods*, Session 2016-17, HC 851, National Audit Office, December 2016; and National Audit Office review of National Trading Standards documentation

---

## Cross-government coordination across regulatory sectors

**4.12** Responsibility for regulatory policies delivered by local regulators is split across a wide number of government departments and national regulators. The Department for Business & Trade (DBT), has overall responsibility for regulatory policy and its Better Regulation Executive leads on regulatory reform across government. There may be cross-cutting issues, for example, reforming regulatory funding models, tackling emergencies such as the COVID-19 pandemic, and addressing issues with capacity and capability in regulatory services that could benefit from greater cross-government coordination. However, there is currently no coordinating function in central government that has oversight or responsibility for the relationship between central and local government on regulatory delivery. In the absence of a lead department, DLUHC convened the cross-government Regulatory Services Task & Finish Group in November 2020, in part, to address the immediate need to coordinate cross-government expectations of local authority regulatory services during the COVID-19 pandemic. The group also established workstreams to explore ways to support the sector in the longer term, including on resourcing, capacity and qualifications in regulatory services, cost recovery and charging, and cross-government coordination. The group made a number of recommendations to address key cross-cutting issues including a proposal for the future coordination and holistic oversight of local regulatory services, recommending that DLUHC:

- take on a cross-government coordination role;
- produce a quarterly forward look of planned regulatory changes;
- maintain an overview of local authority capacity; and
- link in with relevant policy leads across government.

**4.13** Except for the quarterly forward look of planned regulatory changes, this cross-government coordination role has not been taken forward by DLUHC. It told us that it was not convinced that attempting to coordinate activity would solve a specific problem or add sufficient value to justify the resource it would require, but it would reconsider if a strong case was made.

**4.14** Some of the regulators and other stakeholders we spoke to wanted a cross-government coordination function. They felt it could help prioritise competing demands on local regulatory services, provide oversight (and raise awareness) of the totality of demands placed on local regulators by central government, and help address cross-sector issues including capacity and capability challenges. Others were more sceptical about the value and questioned whether there were enough similarities between different areas of regulation for a cross-government coordination function to be useful. They also raised concerns that the function would be ineffective unless it had strong leadership, a good understanding of how local regulatory services operated, and sufficient levers to influence across central government.

#### Matters for consideration

Identify and put in place measures to foster cooperation and coordination across local government regulators, where needed.

Identify where there may be value in further cooperation and coordination between central and local government on regulatory matters and take steps to take this forward.

# Appendix One

## Scope and our evidence base

### Scope

**1** This report is based on a review of previous National Audit Office (NAO) reports that have examined regulatory services across different parts of government. We have supplemented this review with further discussions with government departments, national regulators, local authorities and wider stakeholders to refine our understanding and build our evidence base.

**2** This report includes specific examples from our published work. These are illustrative examples and not indicative of the overall performance of specific departments. This report does not set out all the actions government may have taken, either in response to our previous work or as a result of their wider regulatory work, since the reports were published.

### Our evidence base

#### Review of NAO reports

**3** Between September and December 2022, we reviewed 27 NAO reports published between 2010 and 2022 (which are listed in **Figure 10** on pages 36 and 37) that either examined regulatory services with a local regulatory delivery component or reported on wider issues relating to local authority funding and accountability.

**4** The reports were reviewed to identify findings related to effective local regulatory delivery. These findings were then organised thematically in an Excel matrix with reference to our good practice guidance *Principles of effective regulation* to draw out recurring themes and identify illustrative examples.

**Figure 10**

## National Audit Office publications reviewed for this report

Report
<i>Tackling local breaches of air quality</i> Session 2022-23, HC 66, June 2022
<i>Investigation into government's actions to combat waste crime in England</i> Session 2021-22, HC 1149, April 2022
<i>Regulation of private renting</i> Session 2021-22, HC 863, December 2021
<i>Local government and net zero in England</i> Session 2021-22, HC 304, July 2021
<i>Protecting consumers from unsafe products</i> Session 2021-22, HC 294, June 2021
<i>Principles of effective regulation</i> May 2021
<i>Achieving government's long-term environmental goals</i> Session 2019-2021, HC 958, November 2020
<i>The UK border: preparedness for the end of the transition period</i> Session 2019-2021, HC 371, November 2020
<i>Improving local bus services in England outside London</i> Session 2019-2021, HC 577, October 2020
<i>Investigation into remediating dangerous cladding on high-rise buildings</i> Session 2019-2021, HC 370, June 2020
<i>Gambling regulation: problem gambling and protecting vulnerable people</i> Session 2019-20, HC 101, February 2020
<i>Ensuring food safety and standards</i> Session 2017-2019, HC 2217, June 2019
<i>Exiting the EU: Consumer protection, competition and state aid</i> Session 2017-2019, HC 1384, July 2018
<i>Financial sustainability of local authorities 2018</i> Session 2017-2019, HC 834, March 2018
<i>Low-carbon heating of homes and businesses and the Renewable Heat Incentive</i> Session 2017-2019, HC 779, February 2018

**Figure 10** *continued*

National Audit Office publications reviewed for this report

**Report***Air quality*

Session 2017–2019, HC 529, November 2017

*Protecting consumers from scams, unfair trading and unsafe goods*

Session 2016–17, HC 851, December 2016

*Performance measurement by regulators*

November 2016

*Local government new burdens*

Session 2015–16, HC 83, June 2015

*Public Health England's grant to local authorities*

Session 2014–15, HC 888, December 2014

*Local government funding: Assurance to Parliament*

Session 2014–15, HC 174, June 2014

*Food safety and authenticity in the processed meat supply chain*

Session 2013–14, HC 685, October 2013

*Streamlining farm oversight*

Session 2012–13, HC 797, December 2012

*Improving the delivery of animal health and welfare services through the Business Reform Programme*

Session 2012–13, HC 468, July 2012

*Protecting consumers – the system for enforcing consumer law*

Session 2010–2012, HC 1087, June 2011

*Delivering regulatory reform*

Session 2010–11, HC 758, February 2011

*Environmental protection*

July 2010

Source: National Audit Office

## Fieldwork

**5** To supplement our back catalogue review we carried out further interviews with government departments and national regulators, local authorities and wider stakeholders, as well as analysis of local authority regulatory expenditure data. Fieldwork took place between October 2022 and March 2023.

### Interviews

#### Interviews with government departments and national regulators

**6** We interviewed representatives from a number of central government departments with regulatory policy responsibilities and national regulators, to test and supplement our findings from our back catalogue review. Interviewees were selected because they either had responsibility for regulatory policy (or were part of the wider regulatory delivery model) in regulatory areas with a local delivery component. In total 19 interviews were conducted with representatives from:

- Department for Business & Trade
- Department for Culture, Media & Sport
- Department for Levelling Up, Housing & Communities
- Food Standards Agency
- Gambling Commission
- Health and Safety Executive
- Home Office
- National Trading Standards
- Office for Product Safety and Standards.

**7** Interviews were held online and lasted about an hour. Interviews were semi-structured and topics covered were based on the eight themes identified in the review of our past audits and included roles and responsibilities, regulatory aims and objectives, funding models, capacity and capability, regulatory tools and powers, adapting to change, performance monitoring, and cooperation and coordination. Questions were tailored to the specific issues in their respective regulatory sectors. Detailed notes were taken.



## Interviews with local authority regulatory services

**8** We interviewed representatives from local authority regulatory services to test our findings from the review of our past audits, hear their perspectives on the issues we had identified and identify examples of how they have addressed the challenges they face. We purposively selected local authorities to capture diversity on:

- **Local authority type**

Local authorities were selected to include local authorities in both two-tier areas (county councils and district councils) and single-tier areas (for example, unitary authorities, London boroughs and metropolitan districts). This was to ensure we captured the full range of local authority types and were able to explore differences in models of regulatory delivery in two-tier and single-tier areas.

- **Regulatory services expenditure**

Local authorities were selected to include local authorities with expenditure below and above the median spend per capita (for each type of local authority). This was to ensure our sample included a diverse range of local authorities that reflected the range of local authority expenditure.

**9** We also monitored the sample to ensure we captured some diversity in terms of geography and included local authorities in both urban and rural areas. In total, interviews were carried out with seven local authorities between January and March 2023. The achieved sample of local authorities is set out in **Figure 11** overleaf. Two further interviews were carried out with local authority chief executives who participated in the Regulatory Services Task & Finish Group that was convened by the Department for Levelling Up, Housing & Communities (DLUHC) between November 2020 and June 2021.

**Figure 11**  
Overview of achieved sample of local authorities

Sampling criteria	Categories	Achieved sample
Local authority type	County councils	1
	District councils	3
	Unitary authorities	3
	<b>Total</b>	<b>7</b>
Regulatory expenditure	Expenditure per capita below median	4
	Expenditure per capita above median	3
	<b>Total</b>	<b>7</b>

**Note**

1 Regulatory expenditure based on local authority outturn data on regulatory expenditure from 2020-21. Median expenditure was determined for each local authority type.

Source: National Audit Office

**10** The interviews were with representatives from local authority regulatory services including trading standards, environmental health and licensing services. The meetings were held online and lasted 1–2.5 hours and detailed notes were taken. Topics covered in the interviews reflected the topics identified in the review of our back catalogue and included roles and responsibilities, regulatory aims and objectives, funding models, capacity and capability, regulatory tools and powers, adapting to change, performance monitoring and cooperation and coordination.

**11** The participating local authorities were:

- Bristol City Council
- Chichester District Council
- Gloucestershire County Council
- Horsham District Council
- London Borough of Hounslow
- South Kesteven District Council
- Sunderland City Council.

## Interviews with wider stakeholders

**12** We interviewed a range of wider stakeholders including bodies representing the regulatory professions, local government, consumers and businesses. In total 10 interviews were carried out, including with representatives from:

- The Chartered Institute of Environmental Health
- The Chartered Trading Standards Institute
- Citizens Advice
- Federation of Small Businesses
- Institute of Licensing
- Local Government Association
- Unchecked UK
- Which?

**13** Interviews were held online and lasted about an hour. Topics covered were based on the eight themes identified in the review of our past audits and detailed notes were taken.

## Analytical approach

**14** Interview notes were organised thematically in an Excel matrix. We analysed the data thematically, reviewing the data against the themes identified in the review of our past audits. We used the analysis to refine, test and supplement the findings from the review of our past audits and to identify further case examples to illustrate our findings.

## **Analysis of local authority expenditure**

**15** To understand trends in local authority expenditure on regulatory services we analysed expenditure from 2010-11 to 2021-22 using data published in DLUHC's local authority revenue outturn (RO) returns, as at 23 March 2023.

**16** We compared total expenditure on regulatory services with total services expenditure in England. For the purposes of this analysis, we have defined the categories as follows:

- **Total services expenditure:** This refers to the eight service categories of local authority expenditure. The purpose of the work is to understand local authority expenditure over which local authorities have a degree of control to address changes in their main income. For this reason we include the following services: adult social care, central services, children's social care, culture and related services, environment and regulatory services, highways and transport services, housing services (General Fund Revenue Account only), and planning and development services. We have excluded local authority spend on services for young people and Sure Start children's centres from spending on children's social care. This funding had previously been recorded under education services.
- **Social care services expenditure:** This is a sub-set of total services expenditure and includes expenditure on adult and children's social care.
- **Non-social care services expenditure:** This is a sub-set of total services expenditure and includes expenditure on central services, culture and related services, environment and regulatory services, highways and transport services, housing services (General Fund Revenue Account only), and planning and development services.
- **Regulatory services expenditure:** This refers to total expenditure on regulatory services as defined by the local authority outturn (RO5) returns.
- **Local authorities:** The analysis includes expenditure for the five core local authority types - London boroughs, metropolitan districts, unitary authorities, district councils and county councils. We have included the Greater London Authority in our analysis because of its regulatory expenditure on licensing taxis and private hire vehicles in London. Other authority types including National Park authorities, police and crime commissioners, fire and rescue authorities and combined authorities were excluded.

**17** Our analysis uses the figures published for the England total which includes all local authority types (including imputed figures for authorities that did not produce a return). We then stripped out the ‘other’ local authority types with the exception of the Greater London Authority.

**18** We examined net expenditure on licensing services to determine what proportion of local authorities in England, reporting licensing income and expenditure (as defined in the local authority revenue outturn (RO) returns, line 230), were covering their costs from licensing income. We based this analysis on 2021-22 local authority outturn (RO5) data, published on 23 March 2023.

### **Deflation of cash figures**

**19** Unless otherwise stated all financial data have been converted into real terms in 2021-22 prices. We have used the GDP deflator series published by HM Treasury in December 2022.

### **Document and literature review**

**20** We reviewed a range of published and unpublished documents to develop and support our understanding of the key issues affecting local service delivery and supplement the evidence we gathered through our back catalogue review and interviews.

- We reviewed documentation in the public domain including codes of practice and frameworks for different regulatory sectors, guidance on fees and charges and Parliamentary Acts.
- We reviewed information published by external stakeholders to support the interviews we held with them, such as the Chartered Institute of Environmental Health workforce survey.
- We reviewed documentation provided by government departments that is not available in the public domain. This included strategy documentation, and evidence and findings from internal review work.



This report has been printed on Pro Digital Silk and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO Communications Team  
DP Ref: 012227-001

£10.00

ISBN 978-1-78604-490-7



9 781786 044907