

REPORT TO: IMPROVEMENT & EFFICIENCY COMMISSION

DATE: 20TH APRIL 2010

REPORT OF: PUBLIC PROTECTION PARTNERSHIP

REPORT TITLE: A NEW APPROACH TO BUSINESS COMPLIANCE FOR THE CITY REGION

EXECUTIVE SUMMARY

Greater Manchester Public Protection Partnership are the regulatory services of each authority plus GMFRS. They are responsible for business compliance with regulations for Food Safety, Health & Safety, Trading Standards, Licensing and Fire Safety. In April 2007, AGMA Chief Executives approved a programme of change for public protection services.

With financial support from national 'better regulation' bodies, a new way of assessing compliance of medium/low risk business premises has been developed and piloted by Greater Manchester authorities. The new approach has been extensively piloted in large scale pilots. It will enable up to 80% of business premises to be assessed in a single cross-discipline visit, which will reduce costs but will increase public protection. Based on 2009/10 data provided by partners, savings in staff costs of transferring to the new approach will be between £0.5 million and £1.2 million.

The Food Standards Agency and other national regulatory bodies welcome the new approach and are fully supportive of its adoption. They are seeing the new approach as a way of 'future proofing' the service at a time where reduced budgets would otherwise mean reduction in public protection.

The business case for implementation is sound, and Heads of Service overseeing this programme approved the implementation of the new approach in December 2009. Capital investment funding of £215,000 has been secured from NWIEP to develop a system to support the new approach, plus an additional £75,000 from the Gov Connect Benefits Realisation Fund. Both funders require completion of the implementation in 2010.

A team of Business Compliance Assessors trained in the new approach will be required deliver the new service and it is proposed that this team is recruited and managed through a shared service arrangement hosted by Wigan. A single team will be more efficient and effective and will provide greater resilience and flexibility, especially for the smaller authorities where less than one FTE Assessor is required to cover the new role. Options for recruitment to the new team are being explored to support partners in realising efficiencies effectively.

Recommendations:

That the Commission agrees to support the new approach to business compliance, and the [next steps](#) required to implement through a shared service arrangement.

BACKGROUND AND CONTEXT

There are increasing needs to develop new relationships with businesses and to work with businesses in Greater Manchester to secure both regulatory compliance and to enhance the economic development of the city region. The cost of continuing to inspect against multiple risk management models using a frequency based approach is no longer sustainable. Regulators are encouraged to take a risk based approach – focusing regulatory effort on only the 20% of premises categorized as high risk. This is an effective strategy but over time there is danger that the 80% of medium/low risk premises will become less compliant if the risk is not monitored effectively, and public protection will be eroded as a result.

Currently there is considerable overlap in the way public protection services operate. Working collaboratively across functions – environmental health, trading standards, licensing and fire safety – both efficiency savings and improved public protection can be achieved.

Research and Development work by GMPPP (Greater Manchester Public Protection Partnership) has been funded for the past 3 years by Government (BERR) and by the Local Better Regulation Office (LBRO). Funding has been awarded in the belief that the new approach will deliver benefits to consumers, to businesses, to partners and their staff and that Greater Manchester authorities are in a unique position to succeed where smaller groups of authorities will not.

A new approach to securing compliance in medium and low risk premises has been developed. It will replace the current multiple inspection visits with a single compliance assessment visit. It enables highly skilled professional staff to focus on enforcement of high risk or non compliant businesses while leaving the lower risk premises to be monitored by assessors suitably trained for the task. The process is intelligence-led rather than frequency-based so effort is focused on the premises presenting the greatest risk. GMPPP have engaged with national regulatory bodies who have welcomed the new approach, applauding Greater Manchester's model as a way of 'future-proofing' the service.

GMPPP now need to deliver the new service, quickly and successfully. Heads of Service approved implementation of the new approach in December 2009, NWIEP funding has been awarded (£215,000) to build a shared system to support the new process and 10 of the 11 partners have confirmed their desire to adopt the new approach.

BENEFITS OF ADOPTING THE NEW APPROACH TO COMPLIANCE

'Future proofing' the service

Public Protection managers are individually and collectively aware of the budgetary challenges facing public services over the next 3 years and beyond. The shared service proposal has been designed with this in mind, and equips the partnership with a scalable approach which will meet the evolving requirements of authorities.

The approach is strongly supported by national regulators and Greater Manchester Public Protection Partnership is seen by the Food Standards Agency as 'future-proofing the service and leading for the country'.

The benefits of the new approach fall under the five headings below:

1. Reduced cost of regulation

The role of business compliance assessor enables the cost of regulation to be reduced by reducing staff costs and by increasing productivity.

	Inspector	Assessor
Salary + on costs	£42,000	£30,000
Number of visits p.a.	352	1100

Based on data provided by partners the number of inspections of medium risk premises during 2009/10 will be between 5400 and 13000. The costs below show the comparative costs.

	Minimum visits p.a. 5400 premises	Maximum visits p.a. 13 000 premises
Inspections @ 8 per week	£ 644 318	£ 1 551 136
Assessments @ 25 per week	£ 147 273	£ 354 545
Savings	£ 497 045	£1 196 591

The wide range of projected costs/savings is due to the variety of ways in which partners currently undertake inspections.

Current projections for cost of service are based on the validation of compliance of 30,000 premises once every 3 years, **10,000 per year**. This would take 10 assessors. The following table gives an idea of service delivery costs. Costs to each LA partner would be between 8% and 15% of total net cost.

Cost of assessors	£300,000
Costs of management, service development, IT and team admin, staff training, hardware/software etc @ 50% of staff costs.	£150,000
Total cost	£450,000
Less contribution from GMFRS estimated @ 3 assessors	£90,000
Net cost of service	£360,000

However, further refinement of the cost model is needed to ensure projected figures enable the new service to deliver the outputs and outcomes required. Accurate data is awaited from partners to enable the task to be completed.

2. Increased public protection

Under current risk management arrangements a maximum of 13,000 premises of medium risk or lower are inspected annually and this number is likely to diminish along with reduced budgets. 20% cuts in budget can be directly correlated to 20% reduction in public protection. The new service will enable more compliance checks on medium risk premises and so will provide effective means of monitoring compliance and enable greater support and enforcement action.

3. Reduced duplication of visits/increased productivity

A single business compliance assessment is the equivalent of 2.5 inspection visits (i.e. by food, h&s and fire officers) and is completed in 30% of the time. Where non compliance is found, the premises is referred for further investigation to its Local Authority. No enforcement activity takes place at the point of assessment. A business compliance assessor can undertake about 25 assessments a week, whereas a traditional inspector is unlikely to cover more than about 8 inspections because the role involves a wider range of activities and the whole process takes more time.

It is projected that 25,000 inspections in med risk premises equals 10,000 assessments.

4. Better allocation of resources

It is estimated that an inspection currently costs each partner £120 while an assessment will cost £27. These figures are based on salary plus on costs and using the productivity projections of 8 inspections per week vs 25 assessments per week.

GMFRS POSITION

Two pilots were undertaken in 2008 and 2009 and a total of 1500 premises were checked for compliance using the new approach. Few of the premises visited would normally have been visited by Fire Safety Officers since they do not represent a high enough risk using GMFRS' risk based inspection strategy. However more than 10% of premises were found to be non-compliant in fire safety and 5.8% were found to be very high risk and requiring urgent enforcement activity. This has led GMFRS to change their risk management strategy and they have included in their business plans for 2010/11 a plan to replace 5 Fire Safety Officers with up to 5 business compliance assessors.

However, if a shared Business Compliance Assessment Service is implemented, GMFRS would be willing to contribute to the cost of the new service. GMFRS will benefit from a shared service arrangement both financially and through having sight of a greater number and range of business types than if they operate alone. LA partners will benefit financially from GMFRS involvement. Businesses will benefit from reduced number of regulatory visits.

IMPLEMENTATION

The projected benefits from adopting the new approach are compelling. However, realisation of benefits is dependent on many factors, any of which could undermine the success of the new approach.

The project board have considered the options for implementation and believe that the option of retaining the current inspection regime will result in public protection being eroded over time on a scale that correlates with the reduction in budgets. The two main options for implementation are either to embed the new service within each authority, or to create a single team to deliver the new approach as a shared service under a lead authority.

The Project Board believes that the most efficient and effective delivery mechanism would be through a 'shared service' model. Wigan has offered to lead on development and delivery of the new service. They are well positioned to do so in terms of commitment, leadership and resourcing, and are supported to do so.

A new team of staff is required to deliver the new service and evidence was gathered in the pilot that the new way of working will be implemented more successfully using staff who carry no baggage about old ways of working. However, some authorities are keen that existing staff be given the opportunity to participate in the new service. The options for staffing the new service are:

- Advertise externally
- Invite staff who meet requirements to apply for post on fixed term secondment.
- Tupe existing staff who meet requirements across to new service.

The approach to staffing will aim to support maximum buy in to the new service while at the same time ensuring the new service operates at maximum efficiency and effectiveness. The project lead will handle staffing issues specific to each authority as part of the SLA negotiations.

CRITERIA FOR MEASURING SUCCESS OF IMPLEMENTATION

Success in implementing New Ways of Working is defined by achieving:

- Scale of efficiencies projected
- Implementation by dates agreed.
- Productivity outputs projected
- Consistency of standards of service delivered - measured by peer review
- Consistency of competency – measured against competency standards
- Improved outcomes – by amount and within timescales estimated

RISKS

For 3 years all partners have committed large amounts of officer time to the research and development of the programme of transformation overall and specifically to the Business Compliance Project. At various stages partners have been asked to reconfirm their commitment and have all done so. All partners have been fully engaged in pilots and Directors overseeing the programme have all committed (with the exception of Oldham) to implementing the approach to business compliance.

Partners are committed to delivering the new approach and are now being asked to agree to implementing through a shared service approach. Some are reluctant to do so. While all partners need to be convinced that the business case stacks up for them, they also need to understand the

impact of not-buying in on the partners who are committed to implementation via a shared service arrangement.

The impact of sign up of less than all partners:

Individual authorities

- Will be forced to reduce inspections/interventions in line with budget reduction. Public protection will be eroded over time.
- Reduced resilience/flexibility of the service provided locally

GMFRS & Partnership as a whole

- There will be a tipping point for Fire whereby number of authorities not participating invalidates the benefits to the Fire & Rescue Service. If more than 2 authorities do not participate it is likely that GMFRS will go it alone rather than contribute to a shared team.
- If GMFRS withdraw the whole model is invalidated.
 - A joint assessment without fire adds no value to LA's and businesses.
 - Cost of delivering a shared service increases
 - A shared database of Greater Manchester businesses would be incomplete and therefore of little benefit to the partnership or the city region generally.
- If the new approach is invalidated by lack of buy in there will be reputational damage to AGMA as a whole from the many national regulatory bodies (BIS, LBRO, LACORS, FSA, HSE, TSI, IOL, CIEH and others)who have supported the work and are hoping to capitalise on outcomes. The credibility of the Public Protection Partnership will be seriously damaged.

NEXT STEPS

All tasks below need to be undertaken in time to roll out the new service in October 2010 and many of them are already in hand. Delays will add risk to the implementation and failure to meet deadlines could result in loss of funding.

1. Develop Competence Framework and Standards with national bodies.
2. Complete Functional Requirements for system to support new approach
3. Procure suppliers to develop systems to support data sharing
4. Develop Service Level Agreement with partners
5. Develop Operational Guidelines for new service
6. Recruit and train team of staff to undertake business compliance assessment.

7. Develop data update processes and accountabilities in each authority
8. Develop data matching and cleansing protocols
9. System test and pilot
10. Implement new service – **October 2010**.

RECOMMENDATIONS

That the Improvement and Efficiency Commission agree the implementation of the new approach to business compliance through a shared service delivered by Wigan MBC under a 2-way SLA with each partner, and the [next steps](#) outlined above.

APPENDIX 1 – SRO COMMENT

The following table indicates the position of each authority following internal discussions

Authority	SRO Comment re joining the service
Bolton	<p><i>Alan Eastwood, Director, Legal & Democratic Services</i></p> <p>Bolton are keen to participate in the new service promoting business compliance. There are further discussions needed re how the service will work and the deliverability of savings, and full commitment will be subject to the outcome of those discussions.</p>
Bury	<p><i>Graham Atkinson, Strategic Director of Environment Development Services (email 13.04.10)</i></p> <p>Bury are keen to participate in the new service and are willing to sign up in principle. Further discussions are required on the business case, the deliverability of savings and what the impact will be on the existing inspection process. Full commitment will be subject to the outcome of these discussions.</p>
Manchester	<p><i>Rachel Christie, Head of Street Management and Enforcement (email 13.04.10)</i></p> <p>Our agreement to this proposed scheme is qualified by a series of factors, specifically we will need to ensure that our Place Board who meet later in April are in agreement with this rapidly developing proposal. We also have a number of concerns about the robustness of the business case and the management of a number of significant risks. Most fundamentally we need to ensure that this proposal compliments our major transformation programme for Neighbourhood Service. Regulatory Services are a key part of this programme and dependent on the outcome of further discussions with the GMPPP our involvement in this proposed scheme may need to be reviewed in a year. In conclusion our full commitment to this scheme will be subject to the outcome of these further discussions and the agreement of our Place Board. We continue to be committed to this joint working and believe that there are some beneficial outcomes for Greater Manchester that could be achieved from this proposed scheme.</p>
Oldham	<p><i>Graham Boundy, Acting Head of Public Protection (email 13.04.10)</i></p> <p>At this stage, subject to member (Cabinet) approval, and on the basis that the proposal is unlikely to generate savings in the short term for Oldham, I would be prepared to support implementation of the business compliance model in principle due to the potential for increased public protection in Oldham and to show support for a partnership initiative which could transform the way we provide</p>

	regulatory services. I would support Wigan as a provider of the service via a Service Level Agreement.
Rochdale	<i>Roger Ellis, Chief Executive (email 12.04.10)</i> Fully supports proposal. Some questions but sign up has no dependencies
Salford	<i>Mark Reeves, Head of Customer and Regulatory Services</i>
Stockport	<i>Stuart Jackson, Service Director for the Environment (email 12.04.10)</i> Would like to implement and supports going to next stage. Before formally adopting would like to see written endorsement from FSA, HSE and LACORS.
Tameside	<i>Ian Saxon, Assistant Executive Director, Environmental Enforcement (email 13.04.10)</i> Fully supports proposal. Some details to be worked out but sign up has no dependencies.
Trafford	<i>Paul Harvey, Director of Environment; Jonathan Coupe, Executive Member (email 13.04.10)</i> Trafford fully supports the proposals and confirms sign up.
Wigan	<i>Ken Wardale, Director, Regeneration & Communities (email 13.04.10)</i> Wigan strongly supports the proposals which we believe will help safeguard public protection services at a time of significant budget pressures. We welcome the strong endorsement of key stakeholders for this innovative approach and look forward to widening the scope of this partnership in due course.
GMFRS	<i>A formal comment from Jim Owen, AC Fire Safety, is not possible as he is on leave, but GMFRS supports implementation and proposed model. GMFRS has confirmed it would like to progress but all details and costs are yet to be negotiated. Involvement will be dependent on number of local authority partners signing up.</i>

CONTACT DETAILS

Contact Officer: Steven Pleasant, Chief Executive, Tameside MBC
 Author: Sarah Bellis-Jones, Programme Manager, Public Protection Partnership
 Mobile: 07967 301862; Email: sarah@bellis-jones.co.uk