

2 December 2004

HAMPTON REVIEW

Philip Hampton today published his interim report, *Reducing administrative burdens: effective inspection and enforcement*. Mr Hampton and his team have spent the last eight months consulting with over 200 businesses and stakeholders in every region of the UK on how 59 national regulators and 468 local authorities enforce regulations on business.

His report found that although Government reforms in recent years have increased the efficiency of regulatory enforcement, there is still room for improvement in a number of areas. Activity in the regulatory system has been skewed towards inspection rather than advice and compliance; regulations have been applied inconsistently both between different regulators and between individual inspectors; the cumulative burden of paperwork has been disproportionately burdensome on small business; different regulators have had difficulty joining their systems and operations; and the penalty regime has been cumbersome with few positive incentives for compliance.

To address these issues, reduce the administrative burden on business, and raise the efficiency of regulatory enforcement, Philip Hampton has proposed the following areas for consultation: the general use of robust risk assessment; more and better tailored advice; fewer and more simplified forms for business; more compliance and a strengthened penalty regime; improved joint working between regulators; and the potential for reform of regulators.

Introducing the report, **Philip Hampton said**: "The UK's reform programme is well respected abroad and significant initiatives have been taken by the BRTF and others to improve it in recent years. That said, I was concerned by the complexity and inconsistencies I found in the inspection and enforcement system, and the number of different interactions that a typical business has with its regulators. Our consultation is an opportunity for businesses, regulators and consumers to have their say on our wide range of ideas, and I would encourage all stakeholders to contribute."

The **Better Regulation Task Force** has welcomed today's publication of the interim report of the Hampton Review. **David Arculus**, Chairman of the Task Force said,

“Our 2003 report on independent regulators argued that inconsistent enforcement and poorly targeted inspection programmes impose unnecessary burdens on compliant businesses. We fully support the aims of the Hampton Review to make regulatory inspection and enforcement more efficient. Philip Hampton’s report sets out a clear vision of the way regulators should operate in the future and poses some key questions about the best way forward. I would encourage stakeholders to respond to this important consultation exercise”.

The **Chancellor of the Exchequer** said, "Britain has to take tough decisions to achieve American levels of business creation. Philip Hampton’s report will contribute towards that aim".

DETAIL

Topics for consultation

In response to his discussions with businessmen and women across the UK, Philip Hampton has presented some possible policy solutions for consultation including proposals to:

- ensure that in future no inspections take place without a good reason;
- concentrate more on advice than inspection outside high risk areas;
- make advice more focussed by simply explaining sector by sector what business need to know, and how they can remain compliant;
- reduce the number of complex and overlapping forms that businesses need to fill in with moves towards pre-populated ‘check and sign’ forms in the long term;
- use more incentives for compliance such as awards for high performers while reforming the penalty regime to make penalties meaningful and more proportionate; and
- introduce greater joint working with more communication between regulators to ensure that the regulatory burden on business is minimised.

The report also identifies four areas for detailed further work in the next phase: form filling, the scope for structural reform of national regulators, local consistency, and the penalty regime.

NOTES FOR EDITORS

1. The full report, as well as a list of consultation questions, can be downloaded on the Review's website at: <http://www.hm-treasury.gov.uk/hampton>. All consultation responses should be sent to hamptonreview@hm-treasury.gov.uk, or by post to Sowdamini Kadambari, Hampton Review, 1 Horse Guards Road, London. SW1A 2HQ, by 4 February 2005. Responses received after this date will not be considered.
2. The Hampton Review was commissioned in Budget 2004, Chapter 3, Paragraph 57. It will produce its final report in spring 2005.
3. The Review covers the inspection and enforcement work of 59 national regulators, as well as the 203 trading standards offices and 408 environmental health offices in English, Scottish and Welsh local authorities. It is not covering the tax authorities, which have recently been reviewed by Gus O'Donnell, economic regulators like Ofwat and Ofgem, or those bodies covered by the work of the Office of Public Service Reform.
4. The Review's remit extends to England and the operations of English-based regulators in other parts of the United Kingdom
5. Philip Hampton is a former finance director of LloydsTSB, BT and British Gas. On 19 July he was appointed chairman of J. Sainsbury plc.