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HELA

Report on the NAO/BIS Business Perceptions Survey 2014

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Cleared by Elaine Harbour on 7 July 2013

Issue

1. This paper provides HELA with a report on the Business Perception Survey 2014¹ commissioned by the National Audit Office; Department of Business Innovation and Skill, and Department for Environment, Food and Rural Affairs, undertaken between February and March 2014.

Timing

2. For discussion at the meeting on 31 July 2014.

Recommendation

3. That HELA considers the relevant findings of the report relating to LAs

Background

4. The Business Perceptions Survey is the latest in a series conducted since 2007. Where possible the survey compared 2014 findings to earlier surveys conducted in 2008, 2009, 2010 & 2012.
5. The survey comprised separate elements of national and locally enforced regulations administered via a single survey, covering:
 - a) Five areas of national regulation – Company Law, Employment Law, Health and Safety Law, Planning Law and Environmental Law.
 - b) Five areas of local regulation – Food Safety, Fire Safety, Health and Safety Law, Consumer Protection and Licensing.
6. In total 2,203 businesses were surveyed, by a combination of two telephone interview surveys one covered the whole UK the other covered England and Wales only. Both surveys were weighted to be representative of businesses in the geographical area

¹ The Business Perceptions Survey 2014 can be downloaded from www.gov.uk/government/publications/local-regulation-perceptions-survey

they covered. In addition there were 500 'boost' interviews with businesses to aid analysis of some of the information provided.

Discussion

7. The findings below concentrate on:
 - a) the general business perception of health and safety regulation compared against the other regulatory regimes; and
 - b) the key issues reported relating to locally (Local Council) regulated health and safety.

General Issues

8. Businesses are generally optimistic about the next 12 months. Two thirds expect their business to grow and, compared with the previous 12 months, more businesses expect to increase staff headcount; work in new markets; offer new products, and services or increase capital investment. (Annex 1, Figure 1).
9. Compliance with regulation is the biggest challenge for 11% of businesses, this is unchanged from 2012. (Annex 1, Figure 3).
10. Although the same proportion of businesses in 2014 as in 2012 identified compliance with regulation as the key challenge, the overall business perception of the level of regulatory burden in the UK being an obstacle to business has fallen by 4% since 2012 to 51%. (Annex 1, Table 6).
11. Compliance is a bigger relative challenge to businesses in the Finance and Agriculture sectors than it is for other business sectors. In addition, the smaller the company, the less positive an attitude they generally have towards regulation. (Annex 1, Table 6 and Table 7).
12. There have been significant increases in businesses perceptions of regulator 'helpfulness' since 2012, including helping ensure a level playing field, that regulatory management systems are in place and ensuring businesses are not non-compliant. (Annex 1, Figure 5).
13. Businesses visited by either the national regulator or a Local Council officer, in the last three years, responded that they saw them as courteous and professional but not always knowledgeable about business situations. (Annex 1, Figure 5).
14. An increasing proportion (43% up from 38% in 2012) expect the regulatory burden to increase in the next 12 months). However, this is still significantly lower than those thinking the same between 2007 and 2010 (46% in 2010 and 76% in 2007). (Annex 1, Figure 4).

Health and Safety Messages

15. Businesses in the LA enforced health and safety sector reported that:

- a) In comparison across the other regulatory regimes only food safety and licensing required more staff time than locally enforced health and safety law. (By comparison the average staff time for compliance taken by those regulated by HSE was over a third less). (Annex 1, Figure 9).
- b) They considered keeping up to date with the relaxation and removal of health and safety regulation was significantly more difficult than the average burden posed by the other locally enforced regulatory regimes. (Annex 1, Table 15).
- c) Finding guidance and advice that explained what you have to do to comply with the law was considered a significant burden. There was a 3% increase in businesses finding this aspect a burden since 2012, compared with 8% fewer for other regimes on average. Whereas, for HSE enforced businesses there was a better than average reduction in the burden of finding information about which regulations apply to your business. (Annex 1, Table 15).
- d) Amongst the regulator advice and guidance under the different regimes, locally enforced health & safety law and national planning law were viewed as significantly less consistent than average. Whereas the perception of those businesses whose health and safety was regulated by the national regulator was that the advice and guidance they received as significantly more consistent than average. (Annex 1, Table 25).
- e) In comparison to the other regulatory regimes, businesses with locally enforced health & safety had less confidence than average that the differences in national regulation between health and safety regulations in England and Scotland, Wales and Northern Ireland were clear but less concerned that this was a burden. (Annex 1, Table 27).
- f) In comparison to the other regulatory regimes they were much more reliant than average upon trade associations and internet sources (including the HSE website) to comply with health and safety law. (Annex 1, Table 28).
- g) More often than the other regulatory regimes they used specialist consultants for either: health & safety; planning, or fire safety law. The leading reason for using these external agents was their greater general and specialist knowledge. LA regulated businesses spent slightly more on health and safety consultants than the average business spent on consultants. HSE enforced businesses spent less than the average. (Annex 1, Table 32 and Figure 23).

Action

16. HELA members are asked to:

- a) note the survey findings;

- b) discuss the issues raised, with particular regard to perceived burdens and issues of consistency, and
- c) consider how the consultation on the LA National Code might address some of these issues

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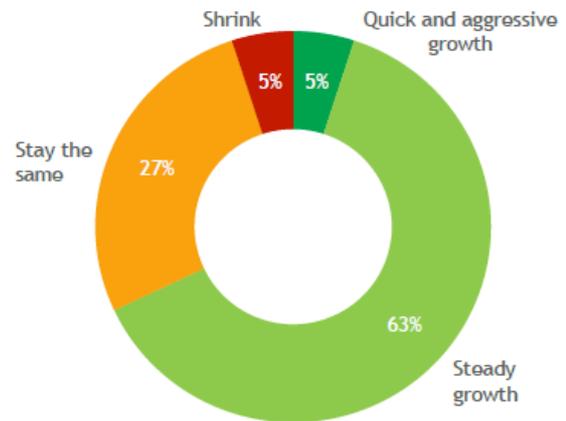
Annex 1 – Selected data from the Business Perception Survey 2014

Figure 1: Business Performance / Behaviour last year vs. next year



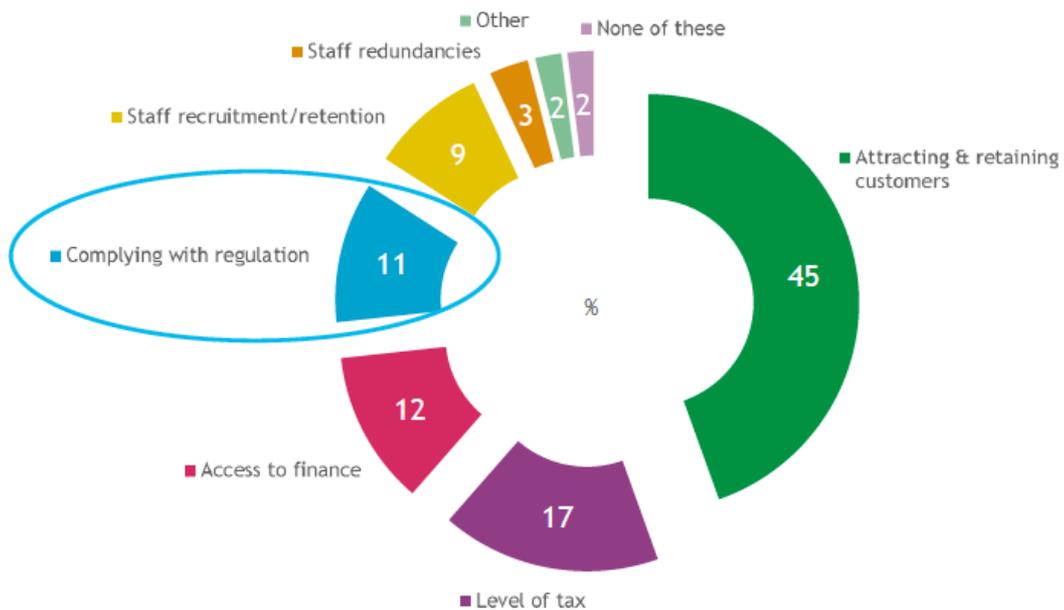
Source: A4 For each statement compared with this time last year, whether it applies to your business? A5 And which do you expect will apply to your business in 12 months' time? Base: Total Sample 1+ employees n=2203

Figure 2: Company's aims for growth next 12 months



Source: A6 Which of the following best describes your company's aims for growth over the next 12 months? Base: Total Sample 1+ employees n=2203

Figure 3: Greatest challenge to your business



Source: A7/A7E I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. Base: Total Sample 1+ employees n=2203

Table 6: Key measures by Industry Sector (2014 vs. 2012)

	INDUSTRY SECTOR										
	Total	Agri-cult.	Const-struct.	Financ e	Hotel/ Caterin g	Manufa cturing	Property / Mgt / Business Servs	Public admin/ other	Retail/ Dist.	Trans- port	
Base	2014	2203	196	163	187	312	198	291	254	389	213
	2012	1000	76	94	65	58	86	231	125	219	46
Complying with regulation is the greatest challenge (before clarification)	* 2014	14%	35%	17%	45%	10%	17%	10%	14%	9%	11%
	2012	14%	25%	14%	54%	13%	17%	11%	12%	13%	22%
	Change	0%	10% ◆	3%	9%★	-3%	0%	-1%	2%	-4%	11%★
Agree overall level of regulation in the UK is an obstacle to your business's success	2014	51%	59%	54%	62%	57%	49%	43%	43%	59%	51%
	2012	55%	59%	61%	58%	64%	51%	54%	42%	63%	56%
	Change	-4%	0%	-7%	4%◆	-7%	-2%	-11%★	1%	-4%	-5%
Think that the burdens resulting from regulation will increase	2014	43%	53%	49%	62%	43%	37%	39%	43%	42%	39%
	2012	38%	33%	36%	43%	31%	31%	37%	45%	37%	34%
	Change	5%	20% ◆	13% ◆	19% ◆	12% ◆	6%	2%	2%★	5%	5%

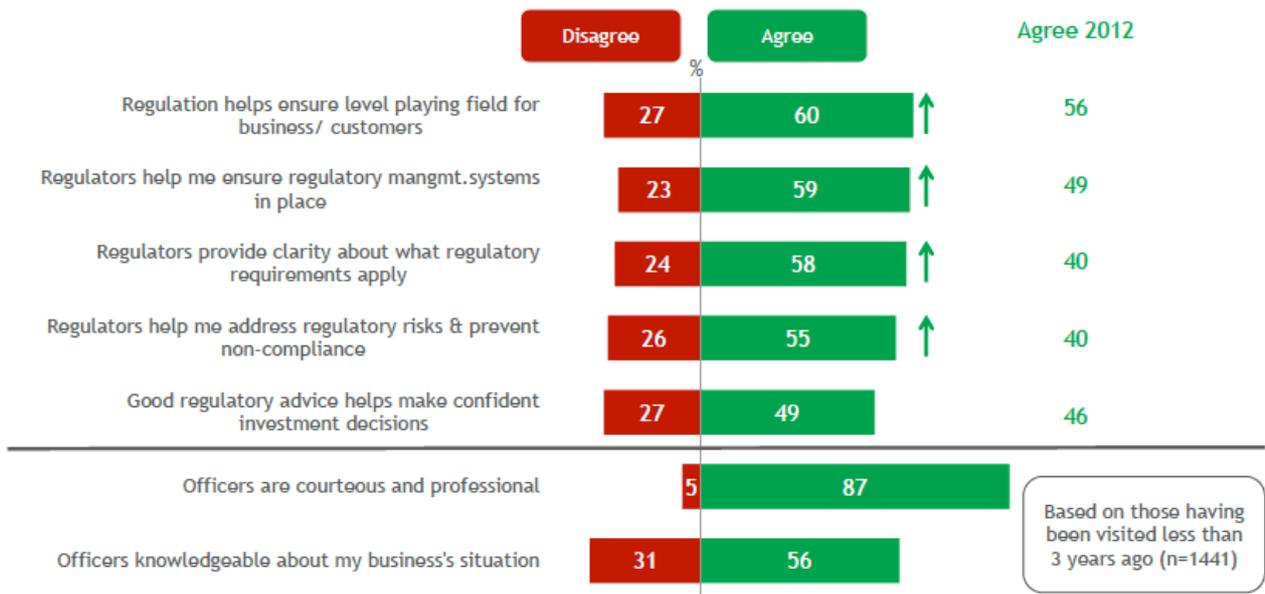
Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203, 2012 n=2294,

Table 7: Key measures by Company Size (number of employees)

	COMPANY SIZE						
	TOTAL	Micro (1-4 emp.)	Micro (5-9 emp.)	Small (10-49 emp.)	Medium (50-249 emp.)	Large (250+ emp.)	0 emp.
Base	2203	538	417	712	262	274	297
Complying with regulation is the greatest challenge	11%	10%	11%	16%◆	10%	13%	10%
Agree overall level of regulation in the UK is an obstacle to your business's success	51%	52%	49%	49%	40%★	34%★	38%★
Think that the burdens resulting from regulation will increase	43%	43%	42%	42%	38%	35%★	40%

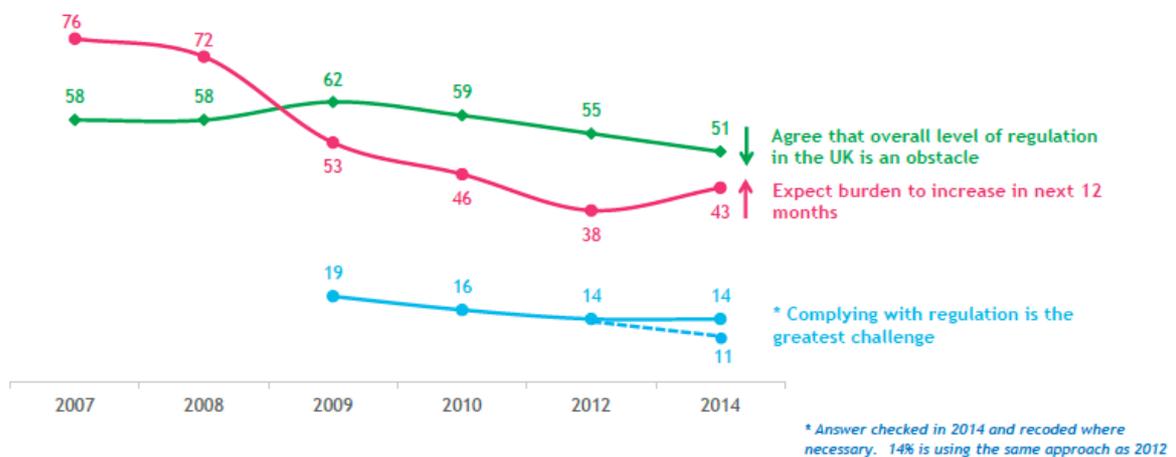
Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees n=2203

Figure 5: Attitudes to business regulation



Source: A8 I'd like you to tell me to what extent you agree or disagree with each of these statements about business regulation. Base: Total Sample 1+ employees n=2203 (2012 n=2294)

Figure 4: The burden of regulation – key measures



Source: A7 I am going to read out six challenges which may affect your business, which ONE would you say presents the greatest challenge. B3 Do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? E1 In the next 12 months do you think that the burdens resulting from regulation will decrease, stay the same or increase? Base: Total Sample 1+ employees 2014 n=2203, 2012 n=1000 (National only), 2010 n=1000 (National only), 2009 n=1000 (National only), 2008 n=1000 (National only), 2007 n=1000 (National only)

Figure 9: Time (mean days) spent on dealing with complying with (law type)



Source: B1. On average, how many days in total do your staff spend per month on dealing with complying with (LAW TYPE)? This does not include any time spent by external contractors? C1a Do you agree or disagree that the following activities are a burden when complying with regulation (the length of time it takes to go through the whole process of complying). Base: Total Sample 1+ employees n=2203, Company n=240, Employment n=260, H&S n=242, Planning n=134, Environmental n=214, Food safety n=226, Consumer Protection n=198, Fire safety n=255, H&S n=249, Licensing n=185

Table 15: Agreement (% agree) that activities are a burden when complying with regulation

	LAW										
	NATIONALLY ENFORCED						LOCALLY ENFORCED				
	Total	Com	Emp	H&S	Plan	Env	Food	CP	Fire	H&S	Lic
Base	2203	240	260	242	134	214	226	198	255	249	185
Finding information about which regulations apply to your business	59%	68% ◆	59%	64%	62%	64%	54% ★	59%	47% ★	61%	55%
Finding guidance and advice explaining what you have to do to comply with a given regulation	53%	60% ◆	53%	58%	56%	57%	43% ★	52%	40% ★	60% ◆	49%
Having to keep up to date with the introduction of new regulations	63%	65%	68%	72% ◆	58%	62%	55% ★	69%	50% ★	65%	57%
Having to keep up to date with relaxations and removal of regulatory requirements	51%	52%	55%	62% ◆	49%	57% ◆	42% ★	41% ★	40% ★	57% ◆	44%

Source: C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: Total Sample 1+ employees n=2203

Table 25: Advice and Guidance is consistent (by Law Type)

LAW											
% agree	NATIONALLY ENFORCED						LOCALLY ENFORCED				
	Total	Com	Emp	H&S	Plan	Env	Food	CP	Fire	H&S	Lic
Base	2203	240	260	242	134	214	226	198	255	249	185
Consistent	69%	74%	65%	76% ↓	58% ★	71%	74%	68%	70%	62% ★	71%

Source: D3 How consistent is the advice and guidance that you receive in relation to (LAW) from the regulators you have contact with? Base: Total sample 1+ employee n=2203

Table 27: Agreement with statements

LAW											
% agree	NATIONALLY ENFORCED						LOCALLY ENFORCED				
	Total	Com	Emp	H&S	Plan	Env	Food	CP	Fire	H&S	Lic
Base	1083	140	141	114	57	107	72	117	153	131	51
The differences between regulations in England, Scotland, Wales and Northern Ireland are clear	21%	14% ★	21%	20%	26%	27%	26%	30% ◆	27%	15% ★	16%
Agree that understanding the differences between regulations in England and Scotland, Wales and Northern Ireland is a burden	34%	38%	29%	50% ◆	27%	55% ◆	16% ★	56% ◆	17% ★	27% ★	7%★

Source: B2 Do you agree or disagree with the following statements about the Government's approach to regulating (LAW)? C1 Do you agree or disagree that the following activities are a burden when complying with regulation? Base: all 1+ employee operating in more than one country n=1083

Table 28: Use to help the business comply with regulation

LAW											
% agree	NATIONALLY ENFORCED						LOCALLY ENFORCED				
	Total	Com	Emp	H&S	Plan	Env	Food	CP	Fire	H&S	Lic
Base	2203	240	260	242	134	214	226	198	255	249	185
Any (NET)	91%	96% ◆	94% ◆	92%	78% ★	86%	90%	95% ◆	84% ★	94% ◆	89%
Any official government websites	54%	70% ◆	62% ◆	51%	45% ★	51%	42% □	54%	35% ★	66% ◆	48%
Any external advisors/agents	51%	63% ◆	56%	49%	50%	43% ★	31% ★	61% ◆	42% ★	50%	50%
Any trade associations/business associations	46%	51%	48%	46%	41%	42%	32% ★	68% ◆	31% ★	53% ◆	35% ★
Friends/family/other contacts or peers	43%	54% ◆	48%	37% ★	37%	37%	40%	55% ◆	23% ★	47%	47%
Inspectors from local council or regulators	38%	34%	30% ★	41%	40%	44%	64% ◆	35%	38%	26% ★	51% ◆

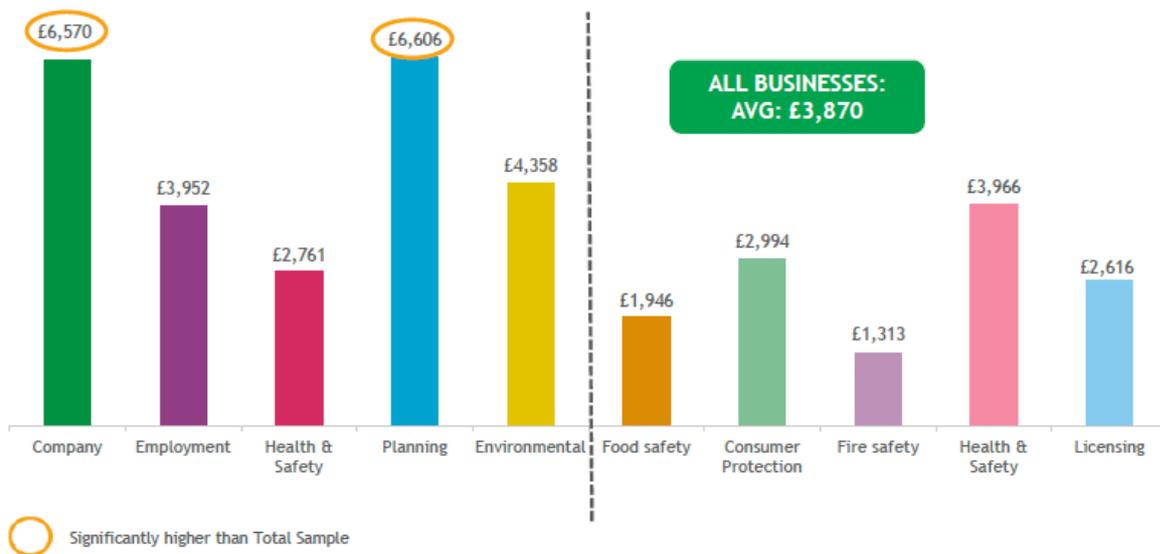
Source: D2 Which, if any, of the following do you use to help the business in complying with (LAW)? Base: Total Sample 1+ employees n=2203

Table 32: Use of external business agents (amongst those using)

% agree	LAW										
	Total	NATIONALLY ENFORCED					LOCALLY ENFORCED				
		Com	Emp	H&S	Plan	Env	Food	CP	Fire	H&S	Lic
Base	1270	177	193	144	81	105	75	127	142	145	81
External insurance company	74%	83% ◆	73%	73%	64%	76%	75%	76%	63% ★	69%	81%
External accountant	68%	92% ◆	84% ◆	50% ★	65%	56% ★	54% ★	86% ◆	23% ★	61% ★	82% ◆
External specialist consultant	59%	51% ★	56%	75% ◆	70% ◆	67%	65%	36% ★	76% ◆	66% ◆	39% ★
External lawyer	50%	67% ◆	59% ◆	44%	54%	41% ★	53%	58%	17% ★	45%	51%

Source: D2b And which, if any of the following external business agents do you use to help the business in complying with (LAW) regulation? Base: all using external advisors/agents n=1270

Figure 23: Mean annual spend on external agents (amongst all using)



Source: D2c And approximately how much per year do you spend using external business agents to help with complying with (LAW) regulations? Base: all using external advisors/agents Total 1+ employees n=1270