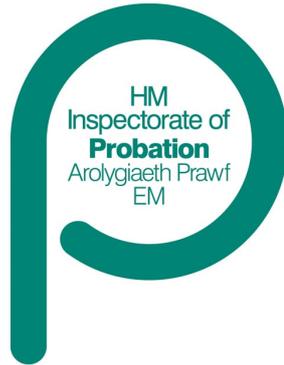


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2 January 2008

William Sargent
Dept for Business Enterprise and Regulatory Reform
1 Victoria St,
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Dear William,

BERR: A New Department

Many thanks for your letter and plan re the new Department. I can understand and support the desire to review and if necessary reform all the activities that are nowadays grouped under the heading 'Regulation'. In this Inspectorate we argued for the idea of replacing the current five Criminal Justice inspectorates with a single new Inspectorate even before it became Government policy (later set aside).

In the event, however, I think that many of the ways in which the policy direction has been pursued in practice have been wrongheaded and misguided. I was pleased to have a general discussion with John Dodds on this subject, and he listened very courteously, but my concerns continue.

In summary:

- The general policy direction makes sense: to ensure that 'regulatory' activity is focused on where it is most needed, and that its costs, including to those whose work is inspected, are proportionate to its benefits.
- The desire, which I can understand, to ensure that enterprise in Britain can be attractive and competitive to international businesses and investors leads properly to a desire to keep external regulation to the minimum necessary – but the issues are very different for public services, and I do not think that this distinction has yet been drawn sharply enough by BERR.
- To drive the reform programme in practice by focusing so prominently on the issues of 'administrative burdens' and 'data requests' made by the external inspectorates and commissions skews the whole exercise in two entirely unhelpful ways ...

- First, the colossal demand for routine performance reports and other data comes much more often from the *centralised management* of the relevant service rather than from the *external Inspectorate*. You seem to be shooting the ant and missing the elephant!
- Second, the very term “burden” sets the strong implication that regulation is always a bad thing, and implies by definition that decreasing it is by necessity a good thing, without ever making a reasoned business case for this view. Regulation should achieve a benefit as well as incur a cost, and therefore the sooner we get into an intelligent dialogue about a cost/benefit analysis / business case (as you state in your third bullet point) the better.
- In our world over here, the Inspectorates don’t make data requests from public services – we look at front-line practice with “users” (offenders and others) and make evidenced judgements about how good it is. The data requests are made by management and government - and incidentally they currently look more likely to increase in practice rather than decrease when more services become purchased rather than directly managed.
- I have seen no evidence, other than by non-transferable anecdotes, that the current demands made specifically by independent Inspectorates are excessive – only an assertion that Government would like them to decrease across the board from ‘whatever it is now’. Where is the business case for asserting what the ‘right’ level should be? (I can help here.)
- Including the costs to those whose work we inspect, the costs of our own independent inspections total a fraction of a penny in the pound of the relevant public service’s revenue budget (demonstrated in a published illustrative case study), Let’s instead now devise a positive agenda for public service inspection - and regulation (a different thing) – based more properly on your proposed cost/benefit analysis / business case approach.

Yours sincerely



ANDREW BRIDGES
HM CHIEF INSPECTOR OF PROBATION