

**Risk, Responsibility and Regulation**  
**IPPR Event Tuesday January 23<sup>rd</sup> 2007**  
**Keynote Speech**

I mentioned to a friend last night that I was doing a speech today on Risk and his response was: “Oooh...I wouldn’t do that”.

But I’m delighted to be here today and I want to thank Rick for the BRC report and also to thank the IPPR for hosting this event focussed on the crucial issue of how we handle risk in society.

This debate is important because the whole area of risk and regulation impacts on two key issues: firstly on our competitiveness as an economy; and secondly on the relationship between the state and citizens.

Context

It is a familiar strand of public discourse that British business is allegedly drowning in a sea of red tape and that we have an over protective state molly coddling the public, banning their children from playing conkers or from other everyday activities.

At the same time, the state is also the subject of appeals to act, to “do something” in the face of the latest danger or crisis.

These debates can be intense and the calls to action strong.

Amidst it all, politicians have to make the decisions and be accountable for them.

There are many voices in this debate. But it is government which ultimately has to decide the rules about whether a risk is so great that action needs to be taken or whether it is an allowable risk, or indeed to judge whether what was necessary to regulate in the past may have become unnecessary to regulate in the future.

So my starting point is this: I agree with the BRC report that the zero risk society is neither achievable nor desirable. The level of government interference it would require would make life intolerable.

Some risk in life is good, indeed essential.

We want Britain to be an enterprising dynamic economy where people of ingenuity, drive and ambition can not just have great ideas but see them put into practice.

This should be a country known around the world for its openness, its endless curiosity and its belief in the possibilities that the future holds.

None of that is possible unless people can take risks. We have to allow failure as well as hope for success.

So risk is part of our existence, from the first steps we take as children, to the first time we get on a bike, right on through the challenges life throws at us.

But of course some kinds of risk are unnecessary or dangerous and should be avoided. My father worked in the building trade. He never minded getting up early and working hard in all kinds of difficult and inhospitable weather. But if we're going to ask building workers to go up tall buildings on scaffolding, they have a right to know it's safe to do so.

So we try to minimise risk in this kind of work and we have regulations in other parts of society and the economy.

We introduced a minimum wage for example because we did not want people working for £1 an hour as we approached the 21<sup>st</sup> century – something that was not uncommon just ten years ago.

I don't regard this as over regulation. I see it as progress.

So there is good risk and bad risk and the judgement we must make is whether we have the right approach in fostering the former, and reducing the latter.

### Economic Strength

Before I came along here today I had a look at some international comparisons of our competitiveness.

They do not seem to back up the notion that we are drowning in a sea of red tape.

We have had a strong record of economic growth in the past decade.

We have the highest employment rate in the G7.

The World Bank, in their “Doing Business 2007” Report ranks the UK in the top 10 countries in the

world for doing business and gives us the highest ranking in the EU.

Only yesterday the Financial Times highlighted a report commissioned for Mayor Bloomberg that New York was in facing a threat to its position as the world's leading financial centre, in part because of what the paper described as “a more attractive legal and regulatory environment” in London.

Yet in a world ever more open and competitive, where countries with enormous energy and drive are growing apace, it is essential that we do everything possible to maintain competitiveness and that for Britain, globalisation is an opportunity we make the most of.

It would be complacent not to be vigilant about the dangers of over regulation or to believe that the way forward was simply through social protection rather than through equipping people with the skills necessary to adapt to change and the opportunities to innovate and create.

This is a debate which is crucial to the future of the European Union and one where Britain has been a champion of the need for Europe to look outwards, to realise that we live in an open, global, market economy and to face up to the challenges and opportunities this presents.

## Our approach

It was on the basis of this understanding that last year the UK carried out the most comprehensive audit ever to have been done of the administrative burden facing UK business.

In a world rich in anecdote, we wanted to know the facts. So we measured the burden.

We then asked Government departments to sign up to a target to reduce that burden by 25% by 2010 and to produce Simplification Plans taking a big step towards this.

At the same time we passed a Bill making it easier for outdated or unnecessary regulations to be removed.

In December we published these 19 Simplification Plans covering different Departments and Agencies. They set out how we would remove some 500 regulations and adding up to savings of just over £2 billion over the coming years.

This is not about removing necessary protections or rights for people at work which this government has legislated for and believes in. But it is about ensuring that the UK keeps its competitive edge

and continues to be an enterprising and dynamic economy where business can thrive.

I understand that the simplification exercise on its own is not enough. It has to continue in future years.

So we are also changing inspection regimes to make them more focussed on risk, moving away from the old assumptions that every business posed an equal risk.

And we also want to have a more transparent process through which individuals and businesses can make suggestions to remove, replace or amend regulations.

That is why, in line with a key recommendation of the BRC report, we are relaunching the government portal for reporting out of date or unnecessary regulation. ([www.betterregulation.gov.uk](http://www.betterregulation.gov.uk)).

A more transparent process will offer the chance of a better conversation about this and maybe a chance to separate the real problems from the myths.

The Health and Safety Executive, who many would expect to be the most zealous of all when it comes

to regulation, have issued their own briefing on health and safety myths.

The document pointed out that the number of compensation claims for workplace injuries has fallen in the last five years; that not a single teacher has been personally sued in the past five years over child safety; that stories such as the firemen's pole being abandoned because of health and safety turned out not to be true and that neither ladders nor conkers are banned.

### The role of the state

When it comes to discussion of the role of the state in these issues, sometime we can find ourselves conflicted.

Research by Ipsos Mori reported to a seminar on the Government's long term policy review last week showed that 61% of people agreed with the proposition that – I quote - “Government should do more to protect people by passing laws that ban dangerous activities” and almost exactly the same number agreed with the proposition that “the government does not trust ordinary people to make their own decisions about dangerous activities”.

I believe that these answers expose an understandable tension between our desire to ensure that the public are protected and our desire to be free to live our lives.

It is in recognition of some of these tensions that last week the government launched a public engagement exercise involving a citizens' forum to consider questions around, among other questions, the balance of rights and responsibilities between state and individual.

And the boundaries of the state and the attitudes of society on these issues have changed over the years.

It is not always a ratchet. Sometimes change has meant the boundaries of the state moving forward. Sometimes it also steps back.

Years ago, we had smoking inside tube trains. No one would propose that today. The wearing of seatbelts never used to be mandatory. Few would propose to reverse the rules which exist today.

Yet it is also the case that years ago, the state had far stricter rules on issues of sexuality. In recent years the state has stepped back in recognition of how people live their lives and the need for equality.

Sometimes it is a mix of both liberalisation and tougher controls. Recently we had a major liberalisation of the country's drinking laws which allowed people to drink later – the first major change in the law since the First World War - yet we also increased the community's powers to have a rowdy or troublesome pub closed down.

I firmly believe a shared responsibility and a shared discussion around these kinds of issues is both essential and empowering.

Taking these kinds of decisions is not as simple as passing a law. For a government action, there may be a consequent reaction, or a consequence which we would not want. So a proper debate about the balance of risk and the necessity of regulation is essential to getting this right.

### Report's recommendations

That's why I believe the BRC Report has been valuable and important in raising such a crucial issue.

We very much welcome the report and the way it endorses this principle of shared responsibility. The report says – I quote - “We want to challenge the easy assumption that governments can and should manage all risks. We want to see a new understanding between government, regulators, the media and the public that we all share a responsibility for managing risk.”

As I have already said we will act on the report’s recommendations to lead a debate on these issues, to make the process of reporting apparently unnecessary regulations more transparent and to try to improve the way government explains and manages how it deals with risk.

Some of the argument behind the BRC Report has already informed the Hampton and McCrory reviews on risk based inspection and more finely calibrated enforcement procedures and will do so further as we go forward.

The recommendations about better information with regard to risk management will be taken forward by the better Regulation Executive and our ongoing simplification plan process will review the stock of regulation as recommended.

## FARO

There is however one recommendation in the report that we don't propose to take forward - and that is the creation of a Fast Assessment of Regulatory Options Panel.

We considered this issue carefully and thought about it deeply – in particular whether it would add to clear and transparent judgement on these issues.

We took the view that it would be difficult for a single panel to deal with the huge diversity of potential decisions about risk that government has to make.

There is certainly a role for expert advice in making such decisions and very often the Chief Medical Officer, the Government Chief Scientist or one of the existing specialist advisory bodies has a critical role to play.

In the end though, we believed it was right that government take the final decisions and that Ministers be accountable for them. Whatever advice exists or is given, the public will look to Ministers to justify what action is taken or not taken when it comes to these decisions.

## Conclusion

I believe that the BRC Report has helped prompt debate on an issue of crucial importance both to our spirit as a nation and to the relationship between government and citizens.

This is always ground that will be contested. There will always be powerful voices arguing for less regulation or for more rules and more protection in any given area. This is a field where views are often deeply held and intensely argued. The more we can share in this conversation the better.

In conclusion: for the Government's part, what we want is a country where people enjoy decent consumer rights, levels of safe travel and safety at work they have a right to expect in any modern country - but also a thriving enterprising economy where people are not afraid to take risks so that both they and Britain benefit from them doing so.

**Ends**