

Regulating risk: Building upon US and European experience on the governance of risk

The Better Regulation Executive (BRE) takes the lead within government for promoting better regulation. The language of risk is now part of UK regulators lexicon, and early this year the BRE brought together regulators and academics from across Europe and the US. This paper will discuss the workshop findings.

Understanding and handling ‘risk’ is an important element of achieving better regulation through:

- using impact analysis to ensure that regulation is only used if it has to be,
- ensuring that the costs imposed by regulation are proportionate to the problems it is aimed at addressing,
- using risk analysis to prioritise and target policy areas and measures for regulation,
- using risk analysis in judging the correct regulatory target (e.g. how far you need to go), and
- using risk-based enforcement to ensure that enforcement resources are focussed on those most likely to be non-compliant and pose risks to society.

The aim of the workshop was to explore themes central to the way that the State governs and manages risk created by others and the impact of using explicit risk-based approaches. Central questions explored at the workshop were:

- What is the effect of increasing accountability for controlling risk in business and in government: How does it impact on cultures of blame, compensation and risk aversion?
- What is the impact of scrutiny on regulatory decisions?
- Should risk be introduced into policy-making in areas where it is not an accepted or recognised organising concept?