

Cranfield
UNIVERSITY

The importance of good regulation



Professor Paul Leinster CBE
February 2016

Cranfield
UNIVERSITY

The regulatory process

- To implement the will of society expressed via the political process
 - government sets policy; regulators implement
 - factors in externalities not covered by existing economic considerations
- Should minimise administration and bureaucracy whilst maintaining the necessary protection for people and the environment
- It should be easy for people to understand what they have to do
 - including consistent and coherent approach across different regimes
- Should give confidence to the public

Cranfield
UNIVERSITY

Guiding principles

- Focus on environmental benefits and outcomes
- Target processes and operators presenting the greatest environmental risks
- Match the regulator’s approach to the operator’s performance and attitude
- Minimum of administration and bureaucracy
- Standardise and simplify where possible
- Transition periods for the introduction of new regulations
- Information on emissions, site hazards and risks, operator performance and compliance with permit conditions readily available
- Incentives for better performers
- Retain firm and proportionate prosecution and enforcement

Cranfield
UNIVERSITY

Operator performance

- Not all operators want to do the right thing all of the time
- How to regulate for the 96% and the 4%
- Recalcitrant poor operators

Compliance with permits

Year	A (good)	B	C	D	E	F (poor)
2006	60	10	10	10	5	5
2007	60	10	10	10	5	5
2008	60	10	10	10	5	5
2009	60	10	10	10	5	5
2010	60	10	10	10	5	5
2011	60	10	10	10	5	5

Number of sites in band D, E & F

Year	D	E	F
2006	350	350	100
2007	400	400	100
2008	350	200	100
2009	300	150	100
2010	250	150	100
2011	250	150	100

The role of business

- Organisations to take full responsibility for their activities
- Earn autonomy – mind the gap
- Engage openly with local communities
 - not be bad neighbours

