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Better Local Regulation

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Dear Greg

### **Draft OECD Recommendations on Regulatory Policy and Governance**

The draft OECD Recommendations on Regulatory Policy and Governance create an important international space for debate and action on these critical areas of national and international economic and social policy. The recommendations are significant in their content, and have a close relationship to key themes in the UK Government's emerging approach.

They are a standard to which many member states positively aspire and also even have strong influence in a number of major economies not currently in OECD membership. Many aspects of regulatory reform over the past 40 years have their roots in OECD thinking and policy, including those applied and elaborated in the UK. The consultation process provides a useful opportunity to ensure that the recommendations reflect some of the best practice and themes that are currently being developed in the UK.

Our outline commentary on the draft recommendations is set out below:

- a) The recommendations need more focus on regulatory implementation and enforcement, which is acknowledged but is as yet insufficiently reflected in them. The UK has developed best practice in this area of regulatory delivery and enforcement in part through LBRO, as evidenced by the considerable interest in our work by the World Bank and other international institutions. On the ground, from a business perspective, enforcement approaches can make all the difference between 'burdensome regulation' and 'helpful regulatory advice' and that can make a key difference to the growth agenda. The delivery dimension needs more visibility in the OECD prospectus.
- b) The issue of regulatory culture does feature in OECD thinking but translating that into policies and practices is again an area where the UK is breaking new ground through Ministerial leadership linked to determined interventions. The insights of behavioural economics are being applied in the 'nudge' agenda and help to show how issues of culture change can be turned into practical steps to alter the ways in which regulators behave and think, and thus helping to make a reality of the co-regulatory principle.

- c) The UK has pioneered a 'ground-up' approach through a range of mechanisms from the Red Tape Challenge to the business-based work on Age Restricted Products. The OECD is more focused on administrative process to review the stock of regulation when there are greater gains to be made by engaging with business and citizens directly and working back from their experiences and problems to tackle the regulations that get in the way of freedom and innovation unnecessarily.
- d) There are a number of areas where UK experience could be more directly informing OECD practice and policy such as the concern with coordination between national and sub-national levels of government, both through the clearer focus which a localist approach can bring to policy and the practical benefits of ground breaking mechanisms such as Primary Authority, the National Enforcement Priorities ('Priority Regulatory Outcomes') and the World Class Coalition.
- e) The recommendations need to be more focused on the growth agenda. Gearing regulatory reform to growth is not easy, but it is essential given the economic and financial challenges facing the UK. The efforts being made in some of the forward thinking Local Enterprise Partnerships provide an important example of how to try to join up regulatory reform and economic growth.

I hope you find these points useful, and I would be happy to discuss these matters further with you if that would be helpful.

With very best wishes

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clive Grace', with a long horizontal flourish underneath.

**Clive Grace**  
**Chair**  
**LBRO**