



Industry and Regulators Committee

Corrected oral evidence: Regulators and growth

Tuesday 17 March 2026

10.30 am

Watch the meeting

Members present: Baroness Drake (The Chair); Baroness Barker; Lord Best; Baroness Carberry of Muswell Hill; Lord Fuller; Baroness Harding of Winscombe; Viscount Thurso; Lord Udny-Lister; Baroness Valentine.

In the absence of Baroness Hayter of Kentish Town, Baroness Drake was called to the Chair.

Evidence Session No. 13

Heard in Public

Questions 161 - 171

Witnesses

[I](#): Lord Livermore, Financial Secretary, HM Treasury; Jessica Glover, Director-General, Growth and Productivity, HM Treasury.

Examination of witnesses

Lord Livermore and Jessica Glover.

Q161 **The Chair:** Good morning, everyone, and welcome to this evidence session of the Industry and Regulators Committee on regulators and growth. This meeting is being broadcast via the parliamentary website. This morning, we are hearing evidence from Lord Livermore, Financial Secretary at His Majesty's Treasury, and Jessica Glover, director-general, growth and productivity, at His Majesty's Treasury. A transcript of the meeting will be taken and published on the committee's website, so you will have the opportunity to make corrections to the transcript if you consider that necessary.

Welcome and thank you very much for coming, particularly given the turbulence demanding the Treasury's attention at the moment. It is pleasing that you have found the opportunity to come to talk to us. Hopefully, you have had an indication of the kind of issues that the committee wants to raise. I will be going around and inviting colleagues to put their question.

Maybe I can begin with a broader, more general question to the Minister. The Treasury published the action plan and is accountable for its delivery. Can you explain to the committee how the action plan on regulation will lead to GDP growth and the extent to which the Government have a clear view of the impact of regulators and regulation on growth?

Lord Livermore: Thank you for your question and thank you for having me at the committee today. I appreciate the opportunity to speak to you. We do have in the Treasury a clear view of how regulation can impact growth, positively and, potentially, negatively. I would not say all regulation is created equal; there are good regulations for growth and there are bad ones. Well-designed and well-implemented regulation can absolutely be an enabler of investment and therefore of growth. It can boost competition, and it can build confidence that is necessary for investment.

There are definitely examples of good regulations. I would not want you to think that we think all regulation is bad, but it is not a controversial statement to say that not all regulation conforms to those kinds of criteria. You would expect me to spend a lot of time talking to businesses and investors, and regulation is frequently cited as an issue for them and a barrier to the investments they want to make into our economy. At times, we consider regulation as a brake on growth and something that we need to focus on, which is why the action plan came about in the first place and why we are trying to take the action that we are taking.

Regulation can be at times overly complex and inconsistently applied, which does create uncertainty for businesses and investors. There can be overlapping regulations and overlapping steers for regulators from government, which can create a lack of clarity for them. There can be, and it has built up over time, a culture of excessive risk aversion within

some regulators. They are the issues that we want to tackle, so we have four things that we are trying to achieve when it comes to our regulation agenda.

The first is to reduce the administrative burden of regulation on business by 25%, which is obviously set out in the action plan. We want to give better growth focus steers to regulators—for example, by reforming the growth duty. We want to streamline regulators that have overlapping responsibilities, so it is easier for businesses and investors to deal with them. And we want to drive culture change to challenge what I described as the excessive risk aversion that we sometimes see in the system. That is what we are trying to do and why we are trying to do it. I will leave it there unless Jess would like to add anything.

Jessica Glover: If I may, chair, on the question of how we think this will lead to GDP growth, it is an indirect not a direct effect. The Chancellor has a clear framework of stability, investment and reform as the approach she is taking to driving economic growth. Stability is, of course, largely about macroeconomic stability and creating the conditions for inflation and interest rates to come down, which was looking promising. Unfortunately, global events are now making that trajectory look less good.

On investment, it is about public investment—there are the changes that she made to the fiscal rules, creating an extra £120 billion this Parliament—but also, critically, private investment. The *Industrial Strategy*, published last summer, was the result of a lot of joint work between DBT, the Treasury and other departments, and consulted very widely on what private sector actors saw as the barriers to investment, and regulation was a key theme there.

In some ways, our regulation is renowned globally as being good and positive and predictable. But nevertheless, regulation was often cited by businesses as a barrier to investment. On the GDP impact, it is increasing those private investment flows that we are really focusing on, and where regulation is getting in the way of that, it is as much about the how as well as the what. We will probably come on to that, but it is really with a view to driving up business investment and business sentiment. That is, in and of itself, a very critical factor in the decisions that private sector actors are taking to invest and grow their businesses here.

The Chair: Indirect growth is slightly more difficult to monitor than indirect effect, but we are coming on to that. Just staying with that, what are the three biggest growth outcomes you are expecting to see from what you are doing with this action plan, if you had to nominate the top three?

Lord Livermore: There is one that we would focus on, and I think we might come on to this later. As Jessica said, the whole purpose of our growth strategy is to increase private sector investment in the economy, and we want to create the conditions for that investment, and we want to remove the barriers to that investment.

I do not think we have plucked this out of the air. This idea has been developed through detailed consultation with businesses, partly through the industrial strategy process that Jess describes, but also in ongoing conversations with businesses and investors. There are certain parts of our economy that have been barriers to investment, such as the planning system and the wider regulatory system. We are looking to remove those barriers to make investment easier in our economy.

Up until last week, our economy had the fastest growth in investment in the G7 since the election. Japan had some new data out, and I think it may now be ahead of us, but we are doing very well for increased investment since the election. That is because we have systematically been seeking to remove the barriers to investment, and regulation is one of those. I would absolutely elevate regulation to the top of the list that you asked about.

The Chair: Obviously, the action plan is focused very much on the supply-side drivers of growth, and we are going to come in with lots of other questions on monitoring and how you assess impact. But how do you anticipate your plan will impact on consumer demand and consumer sentiment, because at various points there are some trade-offs to be made?

Lord Livermore: As you say in your question, our strategy is very much a supply-side strategy. As Jess set out, the objective of our economic plan is increasing investment. We are doing that through stability, investment and reform, creating a foundation of stability so that investors feel confident to invest; through public investment to catalyse greater levels of private sector investment and to build the infrastructure necessary to make our country more investable; and through reform to remove the barriers to investment that we have identified already, such as planning grid connections regulation and, obviously, pension reform to increase the supply of capital. That is our growth strategy.

In terms of consumer confidence, as I said at the outset, well-designed and well-implemented regulation is very good for growth and giving consumers confidence. For example, we want to see higher levels of consumers investing in the stock market, savings et cetera, so well-designed regulation there gives them the confidence to do those things. That is obviously a very good thing.

Q162 **Baroness Harding of Winscombe:** One of the things we have heard from a number of think tanks is that it is helpful if the Government are clear what kind of growth they are looking for. I wondered if you could explain where the Government sit in the balance between short-term and long-term growth. Clearly, whichever one you are looking for will shape what you need from your regulators.

Lord Livermore: Thank you for the question. I think we have been clear on that. The Chancellor, in her first Mais Lecture two years ago, set out a very clear strategy for growth, which, as I say, was about reforming the

supply side of the economy. She is giving her second Mais Lecture at lunchtime today where she will expand and develop on that.

The type of growth we are looking for is private sector investment-led growth; that is what we are trying to achieve. We think there has been too little of that in the economy and we have a strategy of stability, investment and reform to create that. We are trying to create the right conditions for economic stability, which we think is the essential precondition of growth and, as Jess said, we have made good strides towards that, notwithstanding the current global instability.

As I say, we want to see greater levels of public sector investment, to build the infrastructure, transport being a really important part of that. That is why transport was such a big feature of the spending review last year. We have also set up things such as the National Wealth Fund to catalyse greater levels of private sector investment into the economy. Then we have a reform agenda, which clearly regulation is a key part of, to remove the barriers to growth that businesses and investors identify.

How does regulation fit into that? Clearly, we want regulators to make investment easier, not harder. When we talk to businesses and investors, as I say, regulation is often cited as a barrier to them investing in our economy. So we want regulation to be clear, consistent, proportionate and timely so that they can know how to navigate the system and make their investments easier.

That is our long-term growth strategy, and clearly—people have often said it—a lot of those reforms will take time to come to fruition. Take planning, for example. I think planning was the very first thing that the Chancellor talked about when she walked through the door of the Treasury 18 months ago. It is incredibly important to her. She wants to make planning much easier in order to make building much easier. We were very aware, coming into government, that it was probably the number one thing on the list of businesses and investors when they wanted to bring money into our economy. But obviously it has taken time to get that through Parliament—it is only just received Royal Assent—so the effects of that will now start to be felt. However, I am very aware that that is a long-term reform to our economy.

As regards short-term growth, I think we have all been very clear that the best thing we can do is affect business and consumer sentiment. That is why the economic stability pillar of our growth plan is so important. As Jess said, sentiment is incredibly important: getting inflation down, getting interest rates down and giving people the confidence to borrow so that they can make the investments, spend or buy a house, et cetera. So I think sentiment is probably the greatest lever we can pull in terms of short-term growth, but our agenda is really a long-term one to rebuild the economy.

Baroness Harding of Winscombe: Does that mean that you are really asking an infrastructure regulator to trade off short-term consumer benefit for long-term investment?

Lord Livermore: I am asking them to help facilitate the Government's agenda of increasing the levels of investment in the economy, which means I want them to be mindful of the outcomes of their regulatory activities. Their outcome should be to facilitate growth via investment and via infrastructure building, as you say. That means I want them to be timely in their decision-making—speed is very important; I want them to be proportionate in how they regulate; I want them to be consistent so that investors know what is going to come and how it is going to work; and I want them to be clear. There may be other things we want of them, but I would say, absolutely, that that is what we would like to see.

The Chair: Perhaps we can turn to the Treasury's more active focus on managing regulation.

Q163 **Lord Best:** This is about the relationship between the Treasury and the Department for Business and Trade, which seems to have become quite different from the past. The Treasury now owns the action plan, it has the 25% ambition for reducing admin costs and the joint unit between the two of you actually reports to you. So this relationship has changed. Can you tell us more about how the division of responsibility now stands between the Treasury and the Department for Business and Trade? How do the wider links to the other departments that have regulatory interests work for the Treasury?

Lord Livermore: I will just set out how I see it and perhaps Jess will not mind adding some more detail, because obviously she deals with this at an official level all the time.

The first thing is that we have not just alighted on regulation as something that the Treasury is more involved in. We are more involved in the entire growth agenda, because we are now trying to reorient the Treasury towards being a growth department as well as a finance department, as it were, and that is really important to us. The Chancellor's number one objective is growth, and we want the whole of the Treasury to be behind that. So we are probably more involved in lots of things across government, such as planning, for example, than perhaps previous Treasuries might have been. We are, as a result, more involved in the regulation agenda, but not, I just want to stress, because we have just alighted on that as one specific thing.

At the centre, No. 10, the Treasury and the Department for Business and Trade are all very focused on this agenda. Obviously the Secretary of State for Business and Trade remains accountable to Parliament for the regulatory agenda, and that is as it should be. But, equally, we are passionate about this and are helping to drive it. As you say, there is the joint unit between the two departments; that is extremely important for almost setting the strategy and monitoring progress, but ultimately Secretaries of State are responsible for driving their regulatory agenda with their regulators, and for meeting their share of the 25% target. I very much see it as the centre driving the strategy between No. 10, the Treasury and the Department for Business and Trade in terms of the joint

unit responsible for delivering progress, but ultimately, Secretaries of State are responsible for their relationship with their regulators.

Jessica Glover: That is absolutely right. The joint unit exists at director level, reporting both to me as the director-general in the Treasury and to the relevant director-general in DBT, and that director's team consists both of Treasury and DBT officials, so it is very much a joint unit. As Lord Livermore says, the overall regulation agenda sits with the DBT Secretary of State, as has been the case for a while, but the action plan specifically announced by the Prime Minister and the Chancellor is a particular area of focus for that joint Treasury-DBT working, and it exists in a set of formal mechanisms and a set of informal mechanisms and relationships, working very closely with each other to support the delivery of the 61 actions in the action plan as a priority, including the 25% admin burden reduction target. I can say more about how that all happens but I might be pre-empting further questions, so just give me a steer.

Lord Best: We have heard the rumour that the Regulatory Policy Committee may be abolished. Is that on the cards? Would it take out one of the ingredients in the mix?

Lord Livermore: It is something we are looking at.

Jessica Glover: The Regulatory Policy Committee plays an important role in scrutinising regulation to make sure that it is fit for purpose but there have been a couple of instances where that process has slowed down regulation that was due to improve the regulatory system overall. One of the things that we are looking at is just considering how to make sure that that body can carry out its activity without an inadvertent slowing-down effect as well. So there are not any final decisions on that. It may well be that it is absolutely appropriate to keep it in place; I do not want to prejudge an outcome of any kind, because it has an important role to play in scrutinising regulation to make sure that it is good. But we also want to make sure that it is part of a streamlined process.

The Chair: Let us quickly move on to holding regulators to account on the action plan.

Q164 **Baroness Valentine:** I should probably declare beforehand that I am chair of Heathrow Southern Railway, which is a private sector company trying to invest. I will just make some observations on that; it has AECOM as an investor, which is an international investor. I noticed you have a concierge service but it applies only to financial services, so I am interested in why it is that tightly drawn. If you look at that example, you have departments and regulators all muddled in together—you have the Treasury, the Department for Transport, the CAA et cetera. You are talking very much about cross regulation, but actually it is quite often departments and regulators, and on/off balance sheet. We are talking about the Treasury itself.

I was close to Thames Tideway, which used a senior reference group as a

means of joining up regulators, departments and all the relevant people, but I have not seen any mention of that in this context. Anyway, that is just an observation because I need to declare that I am chair of that.

My question is: what mechanisms are in place to hold regulators to account in achieving the actions in the action plan, and what will the consequences be for regulators that fail to meet your expectations on growth?

Lord Livermore: On your first points, at the outset, there is a wider concierge service through the Office for Investment. The Investment Minister, Lord Stockwood, sits jointly between the Treasury and the Department for Business and Trade, which have a concierge service doing exactly as you describe. I do not think that that is limited just to financial services, so by all means feel free to talk to Lord Stockwood, the Minister for Investment, about that.

Baroness Valentine: May I ask a clarificatory question? You do not need to answer this now. The concierge for financial services seems to be a new thing. Is that because it did not previously exist or is it different to what you just described?

Jessica Glover: As Lord Livermore said, the Office for Investment is a cross-economy office for investment that prioritises helping those investors who are interested in significant investment opportunities in the UK. As a new part of that, a dedicated concierge service for financial services also now exists alongside the overall concierge service. The financial services concierge service—it is a bit of a mouthful—has the right expertise and skills to help investors in the financial services sector, in particular, to identify the path through to the investments that they want to make. It is like a subset of the overall structure.

Baroness Valentine: Perhaps you could write and clarify that, because I do not understand the difference between those two things.

Lord Livermore: Of course, we will set that out. I am sure it is simpler than it sounds.

Jessica Glover: Yes, I did not explain it very well.

Baroness Valentine: I do not understand whether the financial services were failing and therefore you have bulked it up a bit or exactly what.

Lord Livermore: I think it is because we wanted to bring in specific expertise from that sector into the wider Office for Investment, so we set up a subsector within it, but we will write and set that out to you.

Jessica Glover: We can certainly write.

Lord Livermore: On your wider question, ultimately Secretaries of State are responsible for holding their individual regulators to account. There are various things that they can do—obviously, it is for them to decide; I would not want to tell any Secretary of State how they should do that—

but the number one thing is to set a clear direction on the steers that they give to their regulators. That is the most important thing.

Obviously, they then need to hold their regulators to account for their performance through regular meetings with those regulators. Where applicable, they need to decide whether they want to streamline and simplify their regulatory landscape. For example, Defra has done the Corry review and the Cunliffe review to look at the overall landscape, and it is open to Secretaries of State to do that where they believe that that is what they want. For example, we have recently seen the Fingleton review in the nuclear sector. Those are the tools that are in place. As I say, it is ultimately for Secretaries of State to do that.

There is also a regulatory council, which the Chancellor and the Secretary of State of Business and Trade regularly hold with regulators to challenge and support them in the work that they are doing, mindful that so much of this is about culture change and that culture change takes time. I attended the recent regulatory council and it was very noticeable that the culture is beginning to change. The conversation now is very different to the one we were having a year ago. Regulators are far more focused on outcomes and growth and are much clearer, having heard loud and clear from the Government about the steers that they want to give. That culture is beginning to change and we are seeing that change happening, but I do not think that any of us is under any illusion that culture change takes time and consistent application of Secretaries of States' efforts.

Jessica Glover: I think the point in your question about the balance of activity between what the centre—defined in this instance as the Treasury and DBT, working with No. 10—is doing and what departments do with their regulators is absolutely right. As Lord Livermore says, it is for Secretaries of State to lead the work with their own regulators. Indeed, the Treasury and DBT have their own regulators, who we are leading the work with.

At the centre, we are setting direction and expecting consistency and coherence. We have identified 16 regulators; we know we want to pay particular attention to how departments are working with them. We are asking departments to carry out annual performance reviews with the regulator head and we are paying attention to those performance reviews and how they are going, and offering support where necessary.

I mentioned that there are various official-level fora across Whitehall that meet under the chairmanship of the Permanent Secretary of the DBT, Gareth Davies, and the Permanent Secretary at the Treasury, James Bowler, to review progress on how people are getting on with their actions in the action plan. At ministerial level, there are also Cabinet committee constructs to which we are ultimately reporting. So there is a balance between the activity at the centre and the activity in departments. I think the centre's activity is really to set the overall direction and expectation. The formulation of the action plan was collectively agreed across government but driven a lot by the teams at

the centre, the Prime Minister, the Chancellor and the Business Secretary.

Baroness Valentine: Can I clarify again? I was interested when you said that private sector investment is your focus, because the action plan feels as though it is a general approach to regulators and upskilling—getting them to be better or whatever. However, if your focus is actually private sector investment—it seems to me that that more often crosses planning or different departments or different regulators—single regulators are part of that but how they work together is absolutely critical. This is where the concierge service comes back again. If that is the issue that you are trying to address, how is it tracked through?

Jessica Glover: You are absolutely right that one of the frustrating features of the regulatory landscape is when a private sector entity has to deal with many individual regulators that do not appear to be interacting with each other effectively. That is absolutely something that we are trying to get at here.

For example, one of Dan Corry's recommendations from the review that he did of environmental regulation is that there needs to be better communication between the relevant environmental regulators. He recommended that the Government should introduce a new lead environmental regulator for major infrastructure projects; the Government have accepted that recommendation and Dan Corry is now a NED on the Defra board, so Defra has given itself its own mechanism to make sure it keeps going with the spirit of that.

That approach has been announced for the Lower Thames Crossing and, on Thursday last week, Defra announced that it would also be deploying that approach for East West Rail. So the idea there is that East West Rail has to deal with only one environmental regulator, and it is that environmental regulator's job to make sure that all the other environmental regulators are well co-ordinated in support of that project. So that is a very specific example of how we are expecting regulators to come together early with relevant decision-makers to identify issues across the board, surface them and get them resolved up stream, rather than waiting down stream to discover a problem that needs resolving.

Lord Livermore: You could see at the recent regulatory council that the relationship between those regulators has improved. They were already aligning themselves in that way. Clearly, this is about relationships between human beings, and you could see that those relationships were improved, and that was really healthy and helpful. I think I am right in saying that the Fingleton review also has a lead regulator recommendation for nuclear regulation.

Baroness Valentine: I think the recommendation is for regulators in different departments, not just in one department.

Jessica Glover: That is absolutely right. There are some instances—Jon Cunliffe's review of the water sector is one and John Fingleton's review of

the nuclear sector is another—where the recommendation is indeed to have one single regulator for the sector. So the Government have accepted both sets of recommendations, and I believe that you, as a committee, have heard from John Fingleton and maybe from Jon Cunliffe too. In those instances, we are introducing a single regulator to overcome the dynamic that you describe.

When Dan Corry looked at the environmental regulators, he came to the conclusion that it would not be the right call to combine all the regulators but instead to get the ways of working right between them. You are absolutely right that this crosses between departments and is not within departments, but we are seeking to foster a culture in which regulators understand where the interactions are between them and other regulators, and between them and other departments, so that these join-ups are made early and not late.

The Chair: Now, inevitably, we come to the 25% target for the administrative burden of regulation: Lord Fuller.

Q165 **Lord Fuller:** Minister, the DBT told us that the buck stops with you at the Treasury for reducing the administrative burden by 25%. How far along that pathway are we? How close to the 25% reduction is it? I have a follow-up, but let us hear about how far we have got so far.

Lord Livermore: It is absolutely correct to say that that the Chancellor is responsible and accountable for delivering the regulatory action plan. That is in the ways that we have already described in terms of the strategic direction being set at the centre between No. 10, the Treasury and the Department for Business and Trade. There is a joint unit between the two departments; the Chancellor has responsibility and accountability for that, but we need to work right across government to do that. Obviously it is the Secretary of State's job ultimately to identify how their departments will deliver across that.

The Chancellor and Business Secretary have jointly commissioned each department to bring forward their specific and measurable plans to meet that 25% target. We have, I think, just received those plans and are now going through them to identify where further progress may need to be made. We will report on that in due course.

In October, the Chancellor announced progress against that target with £1.5 billion of savings already having been identified. We are obviously just one year into a four-year process and, as I say, we have just received the plans from departments. We will go back to them to ensure that sufficient progress is made.

Lord Fuller: So the answer is probably not very much, in that case, but your explanation is that that is because you are at the start.

Lord Livermore: The answer is £1.5 billion.

Lord Fuller: What is that as a percentage?

Jessica Glover: If I may, the first job was to assess the overall admin burden to businesses and we assessed that a quarter of that is £5.6 billion. So that is the target for the Parliament: to reduce the admin burden by £5.6 billion.

It is worth saying—this came up at the PAC yesterday—why we have that 25% target. In previous government initiatives, for example between 2010 and 2015, that admin burden reduction target was achieved, and the EU also has a similar admin burden reduction target of 25%. So it felt like an ambitious but achievable goal to set ourselves.

As Lord Livermore says, we have identified £1.5 billion of that £5.6 billion, but that figure of how much progress we have made in reducing the admin burden does not take into account new regulations that have been introduced, so it is not yet comparable to the £5.6 billion figure. As Lord Livermore says, we are now in the process of receiving and going through annual simplification plans from each department, where they are putting forward their own contribution for how they intend to meet this target.

Coming back to the role of the team and the centre, we will then want to assess that in aggregate against the £5.6 billion and assess that for ourselves. The Chancellor, Lord Livermore, the Prime Minister and Peter Kyle will be asking us how much progress has been made through that activity and through the proposals from departments, so we will be able to see whether we are on track or off track.

Yesterday, Gareth Davies, Jim O’Neil and I offered to write to the Public Accounts Committee before the summer to set out how much progress towards the 25% we will have been able to make by then and how confident we are. Of course, that letter could be shared with this committee too, should you wish.

Lord Fuller: This has anticipated my follow-up, in the sense that it is based on the regulations that already exist. Just thinking of my private, personal, commercial career and the work I do in local government, another big business has gone bust in Norfolk this week on the basis of additional burdens on nutrient neutrality. REACH is a cloud hanging over anybody in the chemical sector. CBAM and the ETS are huge new regulatory burdens. I am just wondering whether this 25% is going to take into account those huge drag anchors that are being introduced.

Jessica Glover: The short answer to that question is that we make a distinction between the regulation itself and complying with it, and the admin burden that that regulation introduces. There is a well-established methodology for measuring that admin burden, and it is the admin burden that we are focused on.

The target is absolutely an overall target to reduce the admin burden by £5.6 billion, so where departments are introducing new regulations, they may by necessity—even if we do it in the best possible, most business-friendly way—include some increase in the admin burden, so there would

need to be a commensurate reduction elsewhere to offset that. So it is absolutely an overall target; there is no trickery, if you like, in the setting of it.

The Government will bring forward new regulations and in some areas have brought forward new regulations. This is not an anti-regulatory agenda; it is about how we regulate and making sure that we are keeping the admin burden as low as possible in bringing forward new regulations.

Baroness Harding of Winscombe: Can I ask a follow-up question? Because we have heard consistently from businesses in a variety of different sectors that the admin burden is not really the problem. As Lord Fuller says, the problem is actually the regulations themselves. So, what is your approach to addressing that? Otherwise, I worry that we are focusing on the least consequential part of the burden on business.

Lord Livermore: The 25% is only one part of the action plan. That is important. As I said at the outset, we are trying to focus in four areas. Reducing the administrative burden of regulation by 25% is important, but no one is saying that is the be-all and end-all of the agenda. The four things we are trying to do are: providing better growth-focused steers to regulators so that they are able to focus on outcomes rather than just the process; streamlining regulators with overlapping regulation; and driving culture change to change the excessive risk aversion that exists within the system. As I said at the outset, there are good regulations and bad regulations. Of course, this is not about whether we have an overall deregulatory agenda but we are trying to make the regulatory system work better and be more focused on the outcomes that we want to see in terms of the growth that we have been discussing.

Jessica Glover: I should add that I have been describing the bottom-up approach to how we are thinking about this. There is also the top-down approach whereby we have identified, in talking to many businesses, the key areas that they want us to focus on top down to streamline, make more efficient and change the overall way in which a certain sector is regulated.

The Planning and Infrastructure Act, as we have discussed, is a massive example of that. The Fingleton review is a big example in the nuclear sector. Defra announced on Friday 13 March a new package of measures on non-legislative reform of the environment—a set of cultural reforms that it is expecting environmental regulators to pursue. DBT is doing a deep dive on health and safety regulation and has already taken measures on company reporting-type requirements. There is a set of areas, which we know from private sector colleagues who we talk to, are particularly worthy of attention from the point of view of this agenda. So we also have a top-down view on which to prioritise and where to go first.

The Chair: Let us stay with Baroness Harding's questions because, in your answer on administrative burden, you said you had specific methodology and that that was not the only issue. There is the issue of

the cost of compliance and reporting on it, which is often flagged, particularly by bigger companies. You have described the measures you are taking to address that, but do you have metrics or methodology on those two elements of the admin burden or are you still working on that?

Jessica Glover: The answer is yes. The expertise on that sits primarily within DBT. But any time when a new policy is introduced or regulation is proposed, the department in question or DBT would be carrying out an impact assessment of that regulation. It is the job of the Minister or Secretary of State in question to judge whether the policy aims will be achieved through the introduction of that regulation and whether the costs weigh or outweigh the benefits of doing that from a regulation point of view. To come back to the Regulatory Policy Committee, part of its role is to make sure that that impact assessment is carried out in a robust and clear way. The impact assessment of proposed new regulation is something that we obviously do not want to lose in the system.

The Chair: It might be helpful if you sent us a follow-up note on that, because the issue that Baroness Harding raised has come up consistently, so we have to make some comment on it in the report. If you could respond, we would at least know what your thinking is.

Q166 **Lord Barber of Ainsdale:** You have referred to the 16 key regulators that the action plan refers to. Could you say a bit about the thinking behind how and why they were specified? What was your thinking on that?

Lord Livermore: There is limited time and resource within government and we were keen to focus on those regulators that potentially have the greatest impact on growth, given that that is our overall objective. As discussed, we talk a lot to businesses and investors. As part of the industrial strategy, we did an enormous consultation exercise with all stakeholders in the economy looking at regulation. That identified those regulators that had the biggest impact on those eight industrial strategy growth sectors that we identified. We picked those regulators that had the biggest impact on those growth-driving sectors and that were probably the largest regulators in the economy. That is how we came up with the 16, and that is where we want to focus as much of our time as possible.

There is then an enormously long tail of regulators. There is probably agreement that we should not focus on the lighthouse regulator or something that the Department for Transport looks at, but there may be others within that tail that we also want to look at. For example, as I understand it, the nuclear regulators that Fingleton looked at were not included in those 16, but we are clearly looking at those as well. As the world moves on and as we look at other things, we will include more regulators in our list. However, we wanted to focus on those that we thought were going to have the greatest impact on growth.

Lord Barber of Ainsdale: I completely understand the importance of prioritising—limited resources and so on—but are there any measures

that you are taking or contemplating to try to ensure that “the long tail”, as you describe it, do not feel that they are simply being regarded as inconsequential or are not feeling a duty to respond positively to the priority of growth? Are there mitigation measures without disturbing the choice that has been made on priorities, which I completely recognise?

Lord Livermore: The overall growth steer will have gone out to all regulators. Hopefully, each Secretary of State will have made that clear to the regulators that they are responsible for. I hope that they will not feel that they are not included in our work nor feel the duty to respond in the same way. It is simply a matter of focusing on those that will have the greatest impact in the shortest possible time.

Lord Barber of Ainsdale: The NAO did a survey of regulators that showed that 71%, I think, had taken some action to respond to the growth focus. But, for the great majority of those, that focus had been demonstrated by having a discussion at the board meeting. Not much evidence emerged about what they had done as a consequence of that discussion.

Lord Fuller: And 40% had not discussed it at a board meeting at all.

Lord Barber of Ainsdale: Yes, and 30% had not taken any action specifically to respond.

Lord Livermore: Presumably, those figures are for all regulators in total though, not the 16 that we are focused on.

Lord Barber of Ainsdale: Yes, absolutely.

Lord Livermore: As I say, we need to focus our efforts on where we can have the greatest return in terms of growth and the impact on the economy. This would be uncontroversial.

Jessica Glover: As Lord Livermore says—and you are agreeing—it is natural that we would focus on the highest priority areas, but we are not the only actors in the system. The Secretary of state and senior officials across Whitehall, in the sorts of fora that I described, would regularly hear and discuss the importance of this agenda for the Prime Minister, the Chancellor and the Business Secretary. We would expect them to do something about that rather than not. Also, there are other accountability mechanisms, including lots of Select Committees bringing regulators and departments in. So we really welcome this line of questioning and encourage you to deploy it far and wide with colleagues in both Houses, when asking individual departments and regulators how they are taking these steers into account.

Lord Udney-Lister: We have heard, at various points, evidence from people who have supported good regulation and examples of good regulation. We have also had terrible examples of bad regulation coming up. To be fair, the worst of those the relevant Secretary of State has dealt with. But what business is constantly telling us, and it has come through all the evidence we have had from business, is that they want

pace, certainty and to know where they are.

We have had examples of an American regulator where you can go onto a website and immediately find your application and find out where it is in the system. That kind of detailed stuff keeps coming through. I suppose the nub of my question is that, to get to the 25%, we have very much been told that you just need to get the regulators to do their job properly, and that will give you the result the Government want. I am interested in your comment on that.

Lord Livermore: We hear exactly the same thing, and that has informed the agenda that we have. As we have been discussing, I do not think the 25% target is the be-all and end-all of our regulatory agenda. It is exactly the changes that you identify in terms of speed, clarity, consistency and transparency that are incredibly important to what we are trying to achieve. I hope that they will be achieved in the other elements of our regulation agenda. We share absolutely the objectives that business set out to you. It is exactly what we hear, and it is exactly what we are trying to achieve.

Baroness Valentine: Your action plan does not specifically focus on pace, which would be an obvious corollary of that point. Is there any plan to say to all regulators that we want to see one of their KPIs to see if they are hitting their own targets or anything like that?

Jessica Glover: I will highlight the CMA as a really good example of an independent regulator which has, in dialogue with the DBT and the Treasury, adopted and, through cultural change, really focused its efforts on pace, proportionality, predictability and process. Those are the four Ps of the CMA in terms of the way that it is approaching the way it regulates. We would absolutely recognise your point that pace and predictability are really important aspects of how regulation is carried out.

I do not think we have set a pace requirement in terms of a kind of KPI, which is blanket but, regulator by regulator, we are looking at how to speed up and streamline processes. For example, in the Planning and Infrastructure Act, we expect the removal of the statutory pre-consultation phase to speed up the process on nationally significant infrastructure projects by up to 12 months.

We also recognise that one of the big features of an admin burden is time. Time spent by businesses complying or carrying out the admin burden associated with regulation is cost. In improving and reducing the admin burden, we are expecting pacier progress through the regulatory system as well. We have not set a blanket KPI on pace for everybody, but it is definitely part of the culture that we are expecting to see and respond to.

The Chair: Let us move on to the issue of risk, which comes up frequently in the evidence we take.

Q167 **Viscount Thurso:** Good morning, Minister. The action plan calls on

regulators to be less risk averse. Indeed, you have referred twice this morning to it being part of your four strands. I think you actually said that we sometimes see excessive risk aversion in the system, so I wanted to drill into what that is.

I suppose the pedant in me could say that if you are criticising excessive risk aversion, there must be some risk aversion which is perfectly all right, but that is probably overinterpreting the English. Which risks should regulators be less averse to and how do you expect the regulators to respond to your request?

The purpose behind the question is that everybody is in favour of getting rid of regulations as a generality or reform as a generality or avoiding risk as a generality, but if you ask people to name three things they do, they find it very difficult. I really want to drill into what risks you think the regulator should get rid of.

Lord Livermore: I might turn to Jess for specifics, but this is not about a blanket move away from any focus on risk whatever—I do not think that would be sensible—but is about helping the regulators to rebalance from risk towards growth and be more outcome focused in what they are seeking to do. Speed of decision-making and proportionality are two incredibly important elements to that. This is largely part of cultural change that we want to see in terms of risk aversion. In terms of specifics—

Viscount Thurso: Can I just interject there before you answer? We have taken a huge amount of evidence on this from different people. The conclusion I have come to is that most people do not actually understand risk and do not understand that you do not get reward if you do not take risk, and therefore it is about measuring it and doing it in the appropriate way. My questions are not about any trickery or anything like that. This is about trying to find out what it is you are really wanting them to do in the detail that one can look at rather than anything else.

Lord Livermore: That is perfectly fair.

Jessica Glover: There are two parts to that. There are plenty of people engaged in activity who are very willing to tell the Government and regulators that we are not taking enough risk on a certain outcome. We listen to those voices. The departments and the regulators operate in partnership with the private sector entities that they are engaged with on regulation. The culture that we want to see is one of openness to those conversations rather than closedness, so that is one way of understanding what risks are out there to be taken.

The 16 priority regulators have their 16 annual performance conversations with the Secretary of State, and that is a two-way dialogue and an opportunity for the Secretary of State to set out in the strategic sphere, and through those reviews, what the objectives are that the regulator is there to achieve. Having an outcome focus from the regulator

will also help assess whether, in mitigating risks here, you are preventing an outcome there and help to keep those things in check and balance.

Often it is about innovation. When new things come along, how does a regulator look at those? We want a culture where that regulator is thinking openly about how to facilitate innovation, rather than think of a new thing as something that needs to be shut down because it is unfamiliar. I am being a bit glib in my characterisation, but you see what I mean.

There are examples in the MHRA and the Department of Health and Social Care of a regulatory framework to allow new medicines and medical devices to come into the market. There are examples from the FCA, and there is also an example in the NAO report, of where a trusted entity is given more automaticity through a pilot phase for licensing a new product rather than having to go through the same sorts of processes that a non-trusted entity or a new entity would have to go through.

There is another example where the DfT and the Civil Aviation Authority are working together on drone regulation as a new area where there are all sorts of things to be thought through. It is about openness to outcomes and openness to new ideas, openness to doing things more efficiently, and then working out how the various objectives that regulators are given balance against each other, and having a two-way dialogue with the department such that if those objectives are difficult for a regulator to navigate their way through, they speak to the department about that. There is a shared conversation about what outcomes the Government are seeking to achieve.

Viscount Thurso: To a certain extent, what you have just said is really, in a curious way, about them being more open-minded rather than less risk averse. Take the famous case of the newts and the bats. Everything in the legislation and regulation more or less says you are much better off saying no to that. Otherwise, you are going to be judicially reviewed. So that is the risk. What we probably all want is for them to take that risk and actually just get on with it, wherever there are bats or newts or whatever it might be.

If we asked the regulator to take that risk, we are really making a political decision rather than a regulatory decision and that is a decision that should be done by direction, either ministerial, a steer or whatever. Have we really thought through where we are asking people to take a genuine risk—to be more innovative, to use sandboxes or do whatever? Have we thought through where we are asking them to take a real risk to them as a regulator? In that circumstance, should that be something that is properly a decision by Ministers, democratically elected bodies or whatever?

Lord Livermore: It is a really good question. It is about aligning the whole system behind what you are describing—that the instinct should be to proceed rather than to be overly cautious. We talked before about

overlapping steers. Many regulators have, over time, accumulated huge numbers of different steers. It is about us being very clear as to which steer we want to be at the top of their list, and that is about growth. Then it is really, as you say, about the Secretary of State and the Government standing behind those regulators when they are willing to make those decisions—just to get on with it, as it were. The Chancellor has been incredibly clear that it is incredibly important for politicians—for Secretaries of State—to stand behind the regulator and say, “We will support you when you take these risks”.

Then it is also about us trying to simplify the system. Of course the JR process is important, but you want it to be proportionate, so it is about aligning the system so that when decisions are taken, the less bureaucracy that stands in the way, the better. It is about getting the right steer. It is about getting the Secretary of State to stand behind them, and it is about getting the system right through planning reform, for example, so that those decisions can be taken and can proceed.

Jessica Glover: To add to that, the Planning and Infrastructure Act is of course designed to deal with exactly the examples that you raised there, where previously the system was not particularly protecting nature or allowing development, so neither outcome was being very effectively achieved. The new legislation is designed to provide better mechanisms to achieve both outcomes. Culturally, Defra now has an infrastructure board which meets regularly on priority pieces of infrastructure. The intent there is that, should such a large issue as that arise in a major piece of infrastructure, there can be an early conversation about what the right approach is. Similarly, it has a developers’ council now with developers, also designed to surface and discuss any big issues of that nature early rather than late in the process.

Lord Fuller: That is not how it works in real life, because in real life you end up with casework. Somebody in a regulator will actually try and determine a particular regulatory application pretty well down in the food chain, and there is a dissonance between the risk-taking ability of that single individual—if he or she gets it wrong, they are going to be fired—versus the warm words stuff of Defra. You say, “Oh, Defra; we’ve got this board”, but Defra is going to have to give direction to Natural England, and Natural England guards its independence jealously. Within Natural England there is a whole series of different processes, but they all boil down to the case worker regulator not being incentivised at all to take a risk or to streamline things. Because of the way our regulatory system is structurally organised, warm words and soft soap from the Minister, the Chancellor and anybody else who wants to say, “Yeah, take a risk here”, never filter through. That is the problem we have got. That is the risk that Viscount Thurso was trying to develop.

Jessica Glover: You are absolutely right that culture change is difficult and takes time. I do not think we are pretending otherwise. On Friday last week, the Secretary of State for Environment, Food and Rural Affairs issued new strategic policy statements to the Environment Agency and to

Natural England. That is a serious governing policy for those organisations then to adopt and follow. The various mechanisms that I mentioned are part of a culture change effort, with Defra working with its regulators in an open way on major projects of national significance. The way that Defra works with the regulators to get that culture change throughout the organisation is indeed not easy, and we are not claiming that it is, but the strategic policy statements are significant. The intention that the Government have, if parliamentary time allows and subject to parliamentary approval, to legislate for a growth duty is also part of setting that overall framework, which then governs the culture in which the organisations exist.

The Chair: Could I just stay with Viscount Thurso's questioning for the moment on this issue of risk. Has there been a change in the risk calculus posed by Government, and if so, what is it and do people understand it? It is a consistent theme that keeps coming up. I think that what you have been saying—correct me if I misinterpret—is that regulators fear failure. They deal with that fear by becoming overly bureaucratic and process driven, which puts in a cultural inhibitor, and that there are more efficient ways of managing risk but it does not necessarily always lead to a change of risk appetite. Is that what you are saying? I am not sure that I am absolutely clear what you are saying around the risk calculus.

Jessica Glover: The Chancellor and the Prime Minister have been very clear that they want the regulators to be more open to risk in a proportionate way, recognising that there are other goals that the regulator has alongside growth but also the primacy of growth, the growth mission and the growth agenda as what this Government seek to achieve as the only way to raise living standards sustainably in the long term. The question that is being asked of regulators—directly through what the Prime Minister and Chancellor have said, but also directly through Secretaries of State—is to ensure that, in making the decisions they are making, they are paying sufficient attention to the growth outcomes alongside other outcomes. Currently, regulators have a “have regard” obligation to growth, and the Government are seeking to strengthen that, in part through the overall instructions set by the Prime Minister, Chancellor and relevant Secretaries of State, and eventually also, the plan is, through legislation. It is not just about process but also about taking more risk, as the Chancellor has been very clear, for example, in the financial services sector, which is one that she has direct responsibility for.

Q168 **Baroness Carberry of Muswell Hill:** Good morning. My question follows very directly on from that last discussion. Minister, you made a very important statement in answer to Viscount Thurso, which reassured us that the Government stand behind and support regulators in order to give them confidence to take more risks. It is very important for us to note that clarity of statement. Jessica, you gave us a practical example of that in action—the Defra example. I wonder if there are other examples you could give us—not now; write to us—that apply to different departments so we can understand them. The reason I ask that is that

we have heard, as colleagues have said, that regulators feel they have little incentive to be less risk averse because if something goes wrong they get the blame, and if something goes right they do not get the credit. To unpack that in a practical way would be really helpful.

Specifically, it would also be helpful to know what the Treasury's role is in monitoring and preparing for any economic consequences of taking more risk. We have heard some specific examples. For example, if you open up the mortgage market, you might be opening up the risk of more defaults and repossessions down the line. When the energy market was opened up, energy firms went bust and there were immediate consequences for consumers. Can you tell us where the Treasury stands in that process of, first of all, encouraging more risk aversion, predicting what the consequences might be and how you can prepare regulators for those consequences?

Lord Livermore: I just want to restate what I said before: this is not about pivoting to a culture of unfettered risk-taking. It is about challenging excessive risk aversion that is in the system. I do not want to sound glib but, in preparing for the economic consequences of taking more risk, you would hope that the consequences would be higher levels of economic growth. What we are trying to achieve here is a culture that is more permissive of the kind of development-investment building that we are trying to see. That is our objective in focusing regulators on outcome.

You talk about consequences. In terms of the specifics, the Financial Conduct Authority was perhaps right to identify a lack of risk appetite in the sector, but it is for it to monitor and ensure that the appropriate balance of risk continues to be in place.

On the financial services regulation reform that the Chancellor set out in her two Mansion House speeches, she was very clear that she wants to see financial services regulators shift from regulating for risk towards regulating for growth. There is broad consensus behind that, that after the financial crisis the pendulum swung too far away from growth and too far towards risk, and that that needs to come back slightly.

The apparatus that exists within the financial sector is still vastly more protective than it was at the time of the financial crisis. None of the core elements of that architecture has in any way been dismantled. All the core economic protections that you are describing remain in place, but it is about challenging a culture of risk aversion. The example that you gave came from the Financial Conduct Authority itself. We probably agree with its analysis, but it is equally for it to continue to monitor to ensure that those risks are proportionate.

We have talked before about how it is ultimately for Secretaries of State to work closely with their regulators and hold them to account. Each individual Secretary of State will clearly have such a relationship with their regulators, in which they are able to achieve the right balance and

challenge themselves on that kind of culture of risk aversion. Equally, however, no one is talking about a pivot towards unfettered risk-taking.

Baroness Carberry of Muswell Hill: I am sorry if I gave the impression that I thought the Government's objective here was a complete free-for-all, because that is certainly not my or the committee's understanding. What I was trying to get at—perhaps I will ask it in a different way. I started by saying that it was important that you reassuringly said that the Government stand behind regulators that are prepared to take more risk. I wanted to probe a bit more on how you saw the Treasury's role in standing behind regulators that are prepared to take more risk.

Lord Livermore: As regards the regulators for which we are responsible, the financial services ones, the Chancellor has been very clear that she will stand behind those regulators if they seek to take risk while, as I say, achieving the right balance in the regulatory architecture, retaining a lot of the architecture that was put in place after the financial crisis, but giving new and updated steers to those regulators. If you speak to the head of the FCA now, for example, they would be very clear about the steers that they have received, so there is absolute clarity in the steer from the Chancellor. We have talked about regulators with overlapping mandates, where we have started to see some streamlining and folding some regulators into others so that we have less overlapping regulation. So I think that the Chancellor is absolutely practising what she preaches when it comes to the regulators that she is responsible for.

Jess has already talked about the updated growth duty for various regulators. The Treasury has a responsibility for its own regulators and a responsibility at the centre, in setting the culture and the strategic steers. Then, as I have said, it is for individual Secretaries of State to hold their own regulators to account in the way that you describe.

Q169 **Lord Fuller:** As this conversation has been going, I was very pleased that we heard that time is cost and time is risk. Elsewise, you both said that the planning system has been a problem. Well, I have led a local authority for nearly 20 years and the planning system is not the problem. The problem is that too many statutory consultees take longer than the 12-week limit.

It occurs to me—I put this to you for a response, really—that at the moment the regulator holds all the cards. It has the black spot; nothing goes until it says it is okay. I just wonder whether you might respond to this: the regulator gets to hold the cards for 12 weeks or 16 weeks—a period of time—and after that it is deemed approved. The biggest thing that we could do to speed regulation to get economic growth is to give them a time-limited opportunity for a fully delivered regulatory proposal to come to the answer or otherwise. It is just done. This is what we heard in earlier evidence happens in the US. I just wondered, in a global regulatory race, whether that is something you would consider. The regulator holds the cards—until it does not.

Jessica Glover: On the point about statutory consultees, as part of the consultations around planning and the planning reforms, we have reduced the number of statutory consultees.

Lord Fuller: I am not sure that that is the case.

Jessica Glover: I can write and clarify, but I think we have reduced or are reducing the number of statutory consultees in the planning system, as part of the planning reforms that the Government have outlined. If I am wrong, please forgive me, but my understanding is that that is part of the package.

To speak very openly, we have in the past considered whether a time limit of the kind that you describe might lead to faster approvals. Every time we have looked at it—this is working incredibly closely with MHCLG, of course, which is the lead department in this area, so I slightly hesitate to speak for its business—we have concluded that the much better approach is to be really clear about the outcomes that we are seeking to achieve and to bring people together to achieve them. We were concerned that the incentive in the system would be that, if you have a six-week deadline, if a decision is taken within that period and it is a rejection, that would slow down the overall process because it would bring everybody back to square one again. So this is something that we have looked at previously, but it is not something that we have previously decided is the best way to speed up the system. Instead, the reforms that the Government have already set out are their plan for making the system more proportionate, pacier and so on.

On local planning, it is worth emphasising the new National Planning Policy Framework, which was published in December 2024. This sets the targets for local authorities' housing in each area. The Government have much firmer step-in powers now and they have been very clear that they will take those step-in powers where local authorities do not have plans that are sufficiently credible in matching those targets. So the Government have been very clear that they will be more muscular in stepping in with local authorities, should they not be on track with the housing targets that they have been set through that National Planning Policy Framework.

Q170 **Baroness Valentine:** Continuing on this risk theme, I thought the chair gave a clear assessment of what I sort of understood from what you said. There is a clear bit about a more open culture and being more open to innovation as a solution to some of the risks. I can give a specific example with newts—

Lord Fuller: We all know about newts.

Baroness Valentine: To make the general point, there are innovative ways of dealing with the newt problem but the regulators are, as far as I can tell, obstructing those at the moment or are not yet open to doing those things. So I understand that version, but you say that you are actually changing the risk calculus. I will give you two examples. One is

that you just say, "Go ahead and build, and maybe there are some newts there and maybe there are not". That would seem to shift the risk calculus, which I do not think is what you mean. The other is specific to the Treasury, the on/off balance sheet point. I referred earlier to the Thames Tideway; that had a very minor risk to the Treasury and therefore went off balance sheet. Are you prepared to take a slightly bigger risk and therefore maybe go on balance sheet on a whole swathe of private sector investment?

Jessica Glover: On the balance sheet question, in the end those decisions are taken by the Office for National Statistics, as you will be aware.

Baroness Valentine: But are you prepared to take the risk that it goes on the balance sheet?

Jessica Glover: In some instances—there is a very careful judgment for each of these private sector cases. We look at them on a case-by-case basis and consider each time whether we are prepared to take the risk that it goes on balance sheet. A host of such infrastructure projects coming on balance sheet would unexpectedly create problems for the overall fiscal rules, and we have discussed how important they are for overall macroeconomic stability, which we hope will lead to the bringing down of inflation and interest rates over time. So those risks are taken carefully on a case-by-case basis and the decisions are then taken by the ONS.

I want to clarify something on the planning question, by the way, and it is quite a good example of how we are doing this in the system. Through the Planning and Infrastructure Act, we have put forward a national scheme of delegation that will allow more decisions to be taken by planning officers and fewer by planning committees, which is also designed to introduce more stability in the system.

On your question about nature protection, the Planning and Infrastructure Act introduces the nature restoration fund, whereby nature somewhere else can be enhanced and improved instead of on the site where you want to build the thing. There are, as you refer to, certain species that enjoy certain protections under the habitats regulations. Those regulations are significant for our relationship with the EU, which is a really important part of our overall architecture, so there are some species that need looking at particularly carefully. The nature restoration fund comes in for those where nature can be recovered and restored elsewhere in the country, instead of where the infrastructure needs to be built.

Baroness Valentine: I am just trying to get to the bottom of whether you are saying that the risk calculus has moved. You are talking about sensible ways of dealing with the risk, but I do not understand whether you are actually encouraging more risk-taking.

Jessica Glover: We are really clear that growth is a priority. Where the protection of other objectives is being prioritised to the extent that the outcome is to frustrate or prevent the activity that would lead to growth happening, there needs to be a rebalancing. So, to the extent that it means taking more risk with the other outcomes in order to support the growth outcome, that is a set of risks that we are asking people to take.

Q171 The Chair: We have read the NAO report and considered its contents. I want to pick up two highlights. One is where it refers to the effectiveness of a monitoring and measuring system across regulators and departments so you can assess how they are contributing to the action plan. The other is on the joint unit, where it observed that you do not have a fully developed strategy to monitor and evaluate the impact of the actions on growth. It would be useful to hear your response to both those points. Obviously we have the NAO's view, so we are inviting yours.

Jessica Glover: I repeat the point that Lord Livermore made. The NAO's report—I was at the Public Accounts Committee hearing yesterday with colleagues from the Treasury and DBT—is really welcome, as is this conversation. This is not an easy job and I do not pretend that it is, so all the help and support and scrutiny that we and our colleagues across the system can get is welcome. The more the merrier, really.

The work of the joint unit has moved on in the few months since the NAO report was published. Now we are able to describe with confidence the plan, which is for departments to submit the annual simplification plans, which they are currently in the process of doing, signed off by Secretaries of State but also by chief economists in the department. The unit will then examine those in aggregate and assess to what extent the admin burden reduction target is being met, and which of the actions—not just the 25% but the rest of the 61 actions in the action plan—are on track and which are not. It will then be able to report to the Business Secretary, the Chancellor and the Prime Minister, both through their individual line channels and through the Growth and Living Standards Committee, which the Prime Minister and the Chancellor co-chair. We expect to be able to assess that in the coming months, and that is where we are happy to write to the PAC and to you to update on progress on that before the summer. Those monitoring and tracking systems were indeed not in place a few months ago when the NAO published its report, but they have since been put in place and will be activated on the annual simplification plans as they come in and can be assessed.

The Chair: That is helpful, thank you. There will be particular interest in what metrics you are deploying in the joint unit.

Jessica Glover: In the first instance, there are actions in the action plan that can be judged on whether or not they have happened. That metric is more like yes, no or somewhere in between; you will be able to say how many of those actions are on track or not. On the 25% admin burden reduction target, progress will be measured towards the £5.6 billion. So far we have measured the £1.5 billion, but I have not forgotten that I am

not seeking to compare apples and oranges there. So the unit will be looking specifically at that.

There are other metrics that we track in government, the ones that we discussed previously that are directly relevant: levels of business investment, levels of business confidence and of course GDP per capita. We will continue to measure those metrics in a quantitative way. There is also the qualitative feedback from all the stakeholder and business engagement that we do across government, which will be able to tell us on a regular basis whether or not the culture change that we are seeking—the prioritisation of growth activity—is happening in the way that businesses are experiencing regulation.

On planning specifically, there are metrics relating to the number of development consent orders that are granted; the Government have set a target of 150 this Parliament. So there is a whole series of different metrics for different areas.

The Chair: If you could keep the committee updated, that would be helpful. I am sure it will be very interesting.

Thank you for your answers. You have certainly given us thoughts for our consideration. It was great having the opportunity to talk directly to the Treasury, because we have not had that opportunity on this issue. I hope everything goes well with growth, because I do not think anyone doubts that we need it. I will now end the public session.