

APIL Seminar
Compensation Bill – Problem or Panacea?
28th November House of Commons

Opening statement by Bill Callaghan, HSC Chair

Thank you for the opportunity to speak today. The effect of a perceived compensation culture on excessive risk aversion has been a theme of mine for some time now. My apologies to those who have heard some of my introductory comments before, but I do think they bear reiteration.

As I said a moment ago my concern is with the perception of a compensation culture. I have seen no evidence to convince me that the UK is spiralling into a culture of ever-increasing claims and payouts, that we are only a matter of a few years behind the US. On the contrary, the number of registered claims has actually fallen slightly in recent years. But this does not appear to be the widespread perception.

Apparently outrageous civil claims make the pages of our newspapers on a regular basis - unlike the comments of judges who subsequently throw many of them out. And media stories of “elf and safety” running mad add griss to the mill.

- Some of those stories are nothing but myth with no basis in fact – the need for signs on mountainsides is a good example.
- Others reflect a grain of truth – someone has got nervous and, with the best of intentions, introduced a control that goes well beyond what the

law and common sense require. Making children wear goggles to play conkers springs to mind.

- And increasingly there are examples where health and safety is used as a scapegoat for an unpopular decision, such as the closure of leisure facilities.

The net result of that perceived compensation culture is a disproportionate aversion to risk and unnecessary bureaucracy. That does damage in three main ways:

- firstly it limits innovation and eats into organisational efficiency, whether in the public or private sector.
- Secondly it limits opportunities, particularly for young people. I am in no doubt that experiencing well-managed risk is an essential part of growing up.
- But thirdly, and most crucially for me, it limits our ability to make a difference to serious risks that result in untold suffering. Last year 220 people were killed at work, 30,000 suffered major injuries and 2 million people reported ill health caused or made worse by their work. Reducing that toll is what we need to concentrate upon, not back-covering and bureaucracy.

And when examples of excessive risk aversion, or indeed health and safety myths, are publicised we enter a vicious circle that serves to reinforce disproportionate behaviour.

So our approach can be summed up simply – to manage risk sensibly, not try to eliminate it altogether. That is the theme of the Sensible Risk Debate that HSC and HSE have been running since July, aimed at changing the perception, but also ensuring our own house is in order. We need to be resolute in dissuading people from excess whilst at the same time supporting those who are taking a reasonable approach.

And I believe that we need to do much the same where compensation is concerned. We must be tough on the few who seek to exploit or abuse the system, whilst at the same time making redress more accessible to those who have suffered due to the negligence of others.

The Compensation Bill is an important step forward. I particularly welcome the proposals to regulate claims management companies. Misleading advice and claims farming is in no one's best interest. As Lord Falconer said recently, "it is not fair and it is not justice".

There obviously remain issues to discuss, so I very much welcome this opportunity for debate.

576 words