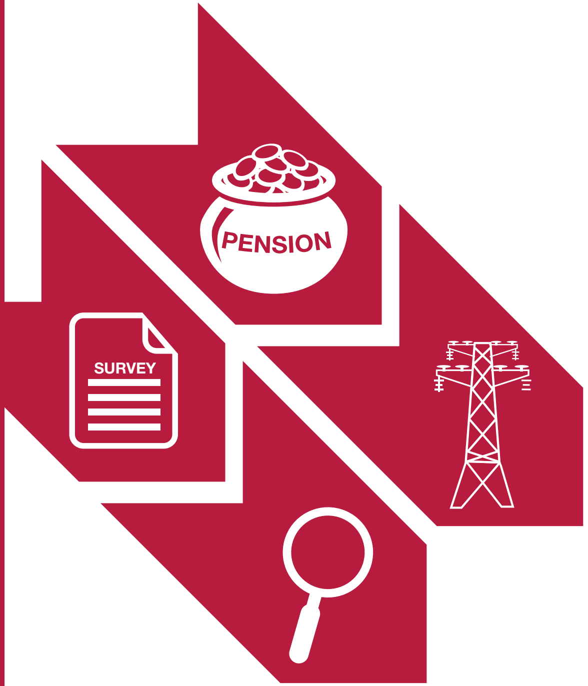
# A Short Guide to **Regulation**

July 2015

National Audit Office

## About this guide
## Contact details




**This Short Guide summarises what Regulation does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.**

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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.



Design & Production by NAO Communications – DP Ref: 10714-001

SURVEY

**70%**
**of businesses included** in the 2014 Business Perceptions Survey thought the purpose of regulation was clear, and 61% thought it was fair and proportionate.

**1,562**
**The number of incidents investigated** by the Food Standards Agency in 2013. These ranged from labelling issues to food contamination and quality.

PENSION

**£3.3 billion**
**The expected savings per year** to business after the introduction of a regulatory change in the indexation of pensions.

GOV.UK

**37%**
**The number of businesses** that thought government and local government knew enough about business to regulate in the 2014 Business Perceptions Survey.

NET BURDEN

**£2.2 billion per year**
**The estimated reduction** in the net burden on businesses of regulations within the scope of the better regulation framework by the government. This was validated by the Regulatory Policy Committee.

**£15.5 billion**
**The amount of investment** allowed by the price control Ofgem set in 2012 for the National Grid 2013–2021.

**£44 billion**
**The amount 18 licensed water companies** will be able to invest in improving services after Ofwat's price review for 2015–2020.

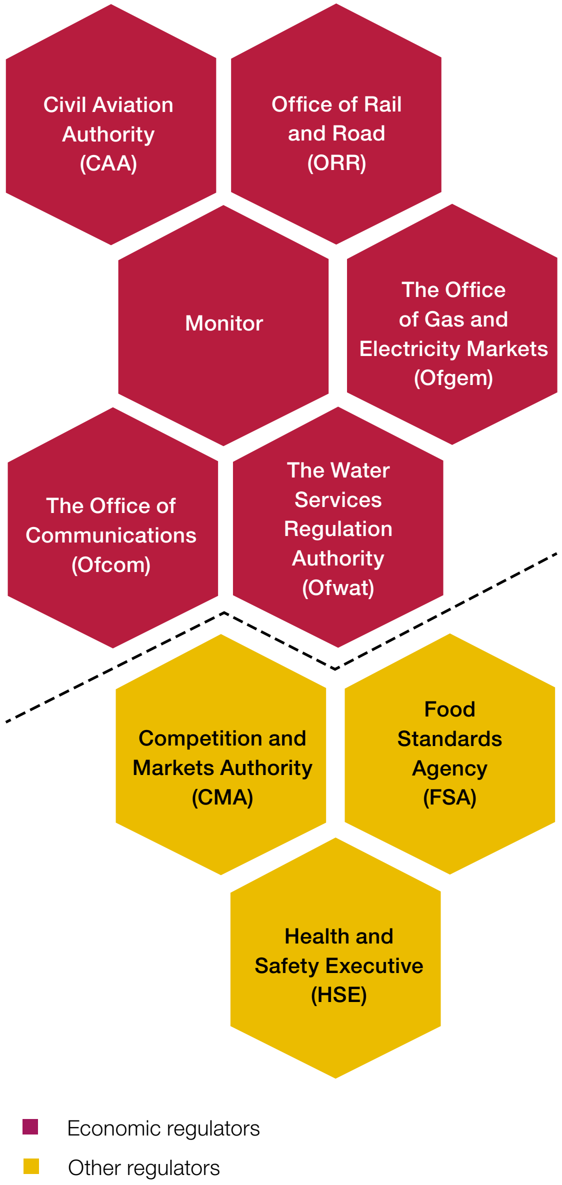
This guide provides background to the regulatory landscape and examines some key regulators.

There are more than 70 regulatory bodies in the UK; they cover a wide range of areas from education, health care and charities to transport, communications and media, utilities and the environment. We have focused on nine to provide a snapshot (**Figure 1**). The financial services bodies are not included as they have a separate overview: Financial Services: Regulation, redress and advice overview 2014.

Six of the nine are independent economic regulators. Their roles and responsibilities are varied, ranging from protecting consumers and looking at wider impacts such as environment and safety to promoting competition where this is appropriate. The Office of Communications (Ofcom), the Civil Aviation Authority (CAA), the Office of Rail and Road (ORR), Monitor, the Water Services Regulation Authority (Ofwat) and the Office of Gas and Electricity Markets (Ofgem) all have powers to apply aspects of competition law in their regulated sectors, concurrently with the Competition and Markets Authority (CMA).

Five of the regulators who are covered in this guide are members of the UK Regulators Network (UKRN), while Monitor participates in the network and its projects as appropriate. The CMA has observer status as it is not an economic regulator. This network aims to encourage shared approaches by regulators in the interests of consumers and the economy.

**Figure 1: Regulators included in the guide**



About Regulation

# Why regulate, what are its objectives?

**Regulation is used to protect and benefit people, businesses and the environment and to support economic growth. Where regulation fails the taxpayer can incur significant liabilities, such as the banking bail-out.**

Independent regulators use regulation alongside other tools to achieve beneficial outcomes in the sectors they regulate.

Regulation is also one of the primary ways the government can achieve its objectives (**Figure 2**).

**Figure 2: Ways of achieving policy objectives**

**Policy objective**

Ways to achieve it

**Regulation**
Using primary or secondary powers to force the behaviour change needed to achieve policy objectives

**Alternatives**
Using non-statutory powers or other measures to deliver the behaviour change needed to achieve policy objectives

**Paying**
Paying for delivery through the purchase of goods, services and staff time

**Redistribution**
Using tax and welfare to redistribute resources

**Regulation has different objectives across many different aspects of society. Figure 3** provides some examples.

**Figure 3: Some examples of objectives of regulation**

Regulation of:

**Business**
To ensure consistent language and rules of commerce

**Workforce/People**
To protect rights, safety and citizenship

**Products/Interactions**
To protect consumers and businesses when buying/selling goods and services

**Public services**
To maintain standards in education, health and social care

**Places and processes**
To ensure safety, public health and environmental standards are met

**Finance**
To ensure stability and integrity and to protect consumers

**Capital infrastructure**
To ensure efficient investment, and that safety and planning standards are met

**Specific markets**
To control prices and maintain certain service standards in industries and services which are monopolistic

**Economy**
To ensure competition

**About Regulation**

# What is regulated and how is it done?

**Types of regulation vary from economic to health, safety and environmental regulation. Regulation also covers a range of markets from private markets to taxpayer-funded 'mixed markets' (Figure 4).**

The increase in market-driven solutions and 'mixed markets' for the delivery of taxpayer-funded services means effective competition and regulatory frameworks have become increasingly important. The CMA study into competition in the higher education market provides an example of regulatory and competition oversight of mixed markets.

**For regulators, the nature of the market helps determine the approach to regulation (Figure 5).**

For example, Ofgem sets price controls for monopoly networks where competition would be impractical and inefficient. These price controls are a means to incentivise monopoly providers to deliver efficiently, with a focus on providing good value for consumers. In areas where competition is established, such as retail markets, Ofgem defines the rules for competitive markets and ensures high standards of service for consumers, backed by effective market monitoring and the sanction of enforcement action where companies fail to deliver.

**Figure 4: Regulation in the markets**

| | | | | |
|---|---|---|---|---|
| Consumer law | Regulated for quality, conduct and some user choice and investment efficiency | | | |
| Private markets | Private markets for key services | Mixed markets for public services | Government interaction with markets | State services |
| **Prices decided by market forces** eg domestic products | **Customers charged for services** eg utilities; financial services | **Taxpayer-funded services** eg aspects of healthcare, social care, education | **Tenderers for taxpayer-funded services or projects** eg waste collection or IT contracts | **State provision of services** eg police, military, judiciary |

**Figure 5: Examples of approaches to regulation**

Increasing competition and market power

| **Price controls** | **Pricing rules** | **Supervision** |
|---|---|---|
| • Price caps<br>• Revenue caps | • Tariffs<br>• Access pricing rules | • Monitoring<br>• Engagement with firms and consumers |
| eg gas and electricity distribution | eg NHS services, postal services | eg gas and electricity retail sectors |

# What about the burden of regulation?

**Good value for money consists of achieving the benefits of regulation while reducing the costs of regulations and their management (Figure 6), although not all benefits of regulation are easily quantifiable.**

Over-regulating or badly designed or implemented regulations can stifle competition and growth. Successive governments have employed policies of better regulation or regulatory reform to avoid this.

**As a result of the costs of regulation government bodies are encouraged to consider alternatives. Figure 7** provides some examples.

The government's Principles of Regulation state that regulation should be used only in certain cases, for example where outcomes cannot be achieved by alternative, self-regulatory or non-regulatory approaches, or where regulation gives a clearly superior cost–benefit ratio to alternatives.

The NAO's June 2014 briefing, Using alternatives to regulation to achieve policy objectives, found that policy-makers felt that regulation shows decisive action and had poor knowledge of alternatives.

**Figure 6: Examples of benefits and costs of regulation**

| Benefits | Costs |
|---|---|
| Address unwanted negative effects | Costs of compliance |
| Encourage competition | Barriers to entry in markets |
| Improve consumer protection | Consumer/taxpayer detriment from wrong regulatory action |

**Figure 7: Examples of alternatives to regulation**

Market-driven solutions ← → Government-driven solutions

| | | | | | |
|---|---|---|---|---|---|
| Free market governed only by competition | Market-based incentives | Self-regulation | Information and education | Co-regulation | Rules and outcomes-based |
| | Tax incentives | Voluntary codes of practice without government backing | Advertising or advisory services with government sponsorship | Voluntary codes of practice with government backing | |

About Regulation

# What has been done to reduce the burden of regulation?

**As part of the 2010–2015 government's aim to reduce regulatory burdens on business, it published the Better Regulation Framework Manual in 2013 and conducted several initiatives. Figure 8** gives two examples.

**Figure 8: Examples of initiatives to deliver better Regulation**

| Red Tape Challenge | 'One-In, One-Out' and 'One-In, Two-Out' |
| --- | --- |
| The Cabinet Office and the Department for Business, Innovation & Skills' (BIS) Red Tape Challenge sought to reduce the overall burden of regulation, to boost business and economic growth and save taxpayers money | In this approach, for each £1 of costs introduced by new regulation, £1 (and later £2) of regulatory burden had to be removed |

The objective of reducing regulation is also embedded in legislation:

- The Regulators' Code provides statutory guidance for some regulators on the appropriate use of interventions and provides part of the framework to address reductions in the burden of regulation.
- The Small Business, Enterprise and Employment Act 2015 has established deregulation targets; champions to review the appeals processes for decisions by non-economic regulators; and reviews for regulations after they come into force.

**The Regulatory Policy Committee (RPC) validated that the previous government expected to reduce the burden of regulation on organisations by a net equivalent of £2.2 billion per year through measures within the scope of the Better Regulation Framework.**

According to the RPC, of 951 measures that became law during the last Parliament, 516 were within the scope of the government's One-in, One-out or One-in, Two-out policies:

- 214 measures reduced the scope of regulation;
- 183 had zero net cost to business; and
- 119 increased the scope of regulation in a way that was costly to business.

Fifteen measures generated more than 90% of the costs and savings to business. Three-quarters of the measures cost or saved business less than £1 million per year each.

Some 435 measures were outside the scope of the One-in, One-out or One-in, Two-out approach.

In all, 297 measures were EU proposals, 3 of which related to reducing financial systemic risk. Two of the latter (the Alternative Investment Fund Managers Directive and the Bank and Recovery Resolution Directive) are jointly expected to impose £1.6 billion of annual net costs on businesses.

About Regulation

# What has been done to reduce the burden of regulation?

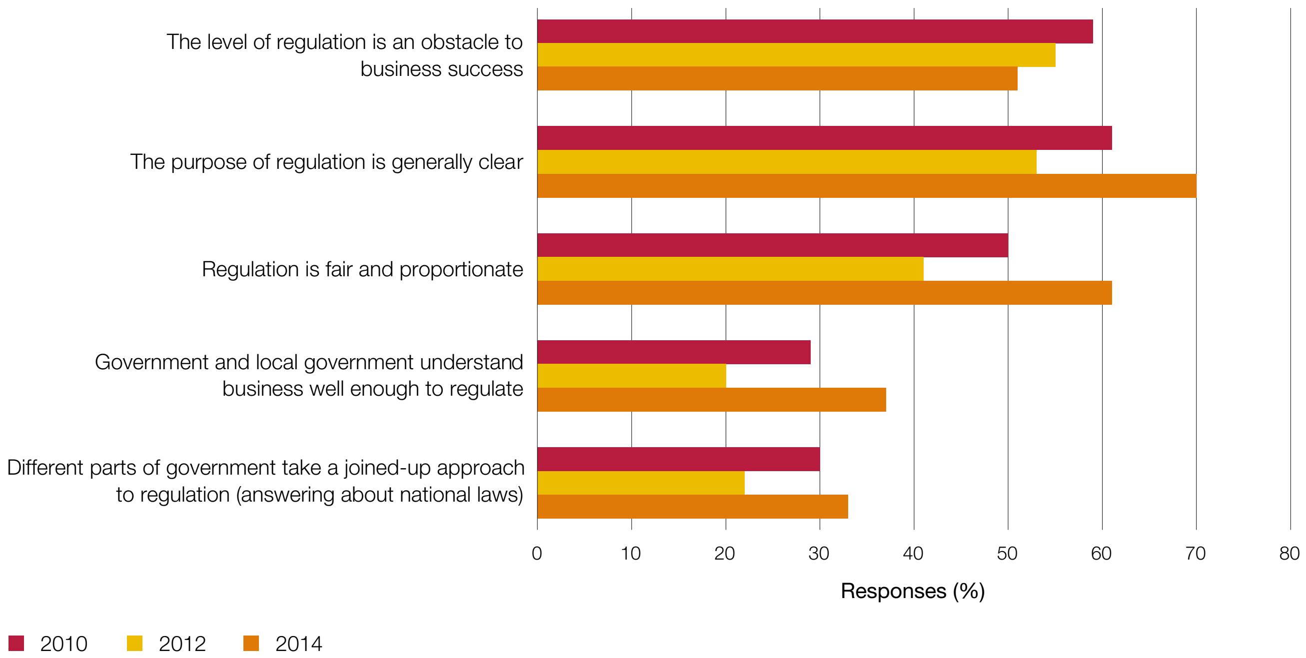
**The Business Perceptions Survey 2014 published by BIS and NAO also suggests that the previous government had some success in reducing the perceived burden of regulation (Figure 9).**

The new government has announced a target of further reductions of £10 billion in the cost of regulation over the lifetime of the current Parliament.

**Some areas of regulation (such as legislation derived from the EU) and some of the actions of regulators (for example, Ofgem, FSA, HSE) have been beyond the scope of some of these initiatives.**

However, many regulators also consider the impact of their work on regulated bodies and other stakeholders. **Figure 10** provides some examples.

**Figure 9: Business Perceptions Survey results**




Source: Business Perception Surveys 2010–2014

**Figure 10: Examples of regulators' focus on better regulation**

**CMA**

The CMA performance framework agreed with BIS requires the CMA to report on a positive impact ratio (consumer benefits:costs) target of 10:1 which it tracks on a 3-year rolling basis

**Ofcom**

As a key part of its decision-making process, Ofcom routinely undertakes impact assessments where it evaluates the impact of proposed regulatory actions on stakeholders

**Monitor**

Monitor has expressed an interest in improving its approach to data collection in order to reduce the burden on those they regulate

Current and future challenges

# What are they?

**Regulators will face significant challenges in the lifetime of the next Parliament; these relate to three themes (Figure 11).**

Many of these challenges are linked together and changes in one issue will affect the others.

Figure 11: Common challenges for regulators

Current and future challenges

# The volume and complexity of change

**1 Many regulators, driven by the need to reduce costs, are seeking more efficient ways of operating, leading to internal reorganisation and restructuring.**

For example, the Health and Safety Executive (HSE) has been through a cost reduction programme in order to manage the reduction in Grant-in-Aid they receive from the government. Ofwat has undertaken a transformation programme, which has led to cost reduction.

**2 The regulatory landscape is being reshaped by UK and EU legislation and the effects of devolution, leading to change in regulatory models.**

Many markets including food, rail, aviation and energy have experienced and will continue to experience significant legislative programmes from the EU and UK. Changes to the EU relationship or further devolution will affect the scope and operating models of many regulators.

**3 The industries regulated by many of these bodies are constantly evolving to include new products or distribution channels and changes in the scope of markets. Regulators' strategies and regulatory models have to change in response.**

In addition to the changes in regulated industries there are also likely to be external pressures such as climate change and environmental trends which affect regulators' approaches in different ways.

Regulators need to be flexible in selecting the right tools (**Figure 12**) and channels for the changing landscape, while managing the associated risks. For example, in the context of reputational regulation use of a variety of media can be a helpful regulatory tool. Regulators can use it to identify issues and engage with firms and consumers. However, when misapplied it can lead to confusion in regulated markets.

**Figure 12: Examples of different regulatory tools**

More traditional ← → Less traditional

| Fines | Licensing and registration | Mandating action | Protecting and promoting competition | Guidance | Performance monitoring | Education |
|---|---|---|---|---|---|---|
| Ofgem fines companies for poor conduct towards consumers | Ofcom issues licences in respect of the Wireless Telegraphy Act and Broadcast Act | The ORR mandates actions on railways in relation to health and safety | The CMA assesses corporate mergers for their impact on competition | FSA regularly issues guidance to the food industry and others on a range of topics | FSA publishes monitoring data to encourage retailers to reduce levels of campylobacter on chicken | HSE publishes information for workers and firms on a range of topics |

# A complex delivery environment

**1 EU legislation does not always align with UK regulatory models.**

EU legislation can be more prescriptive and rules-based than the UK risk and outcome-based approach. The Food Standards Agency (FSA), HSE and Civil Aviation Authority (CAA) are among several regulators who dedicate resources to policy at an EU level to reduce risk of conflicts with UK approaches.

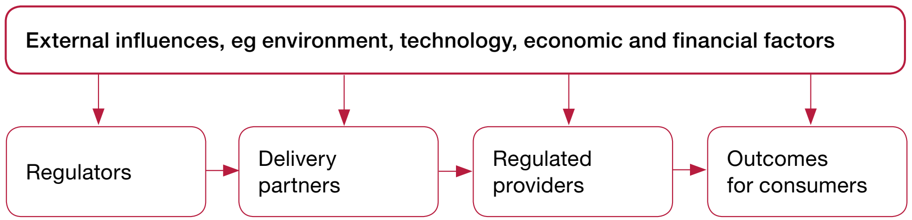
**2 To achieve their outcomes, some regulators rely on extended delivery chains (Figure 13) and are dependent on organisations that may have different priorities.**

For example, the FSA works with local authorities to regulate the food and feed industries; funding pressures on authorities could reduce resources available for this.

The new competition landscape is reliant on inter-regulatory liaison to deliver expected benefits. The NAO's Review of the UK's Competition Landscape 2010 found that under the previous regime regulators felt there were disincentives against referral to the Competition Commission, including length of process. The NAO's planned review of the competition regime will assess how it has evolved.

Where regulators are operating in the same space, businesses expect these activities to be joined-up, to reduce the burden of regulation.

**Figure 13: Extended delivery chains**




**3 In order to maintain legitimacy, regulators must be able to deliver good outcomes in a proportionate manner for both consumers and businesses.**

Regulators need to maintain effective engagement with consumers and consumer groups to enable regulation to be designed to meet their needs. The UKRN has published a discussion paper on this topic: Involving consumers in the development of regulatory policy.

However, consumer expectations (including those of businesses as consumers) can be shaped by general public opinion and social media demands for instant results. These do not necessarily support the longer-term view that is needed for effective economic regulation, including consideration of proportionality of the burdens being placed on regulated firms.

Reputational issues can arise from addressing these requirements and can undermine stakeholder confidence, leading to questions over the legitimacy of regulatory regimes.

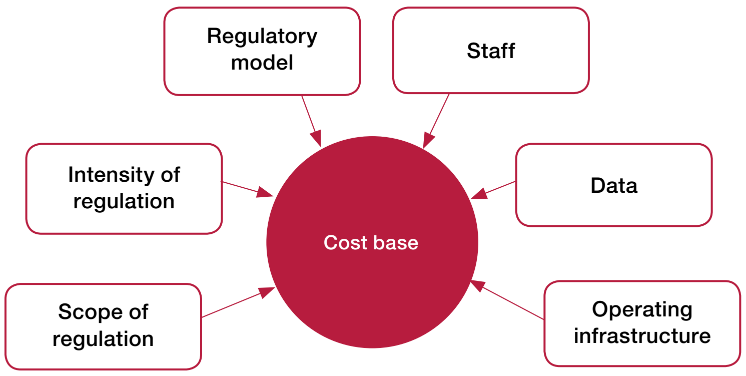
Current and future challenges

# Significant operational demands

**1 Pressure to reduce costs may mean models of regulation are subject to constraints.**

The majority of regulators are financed from government funding and fees or levies from industry. Regulators face the challenge of reducing costs by changing cost drivers, including their own approach (**Figure 14**).

Figure 14: Key drivers of costs




**2 Data and intelligence play an increasing role in identifying threats and regulatory interventions but new approaches may require changes in IT and process; these can be complex, costly and prone to issues in execution.**

Efficient use of data has the potential to reduce the regulatory burden on firms and deliver more efficient regulatory models. The FSA, Ofwat and Ofgem are some of the regulators exploring ways to be authoritative users of data.

**3 Loss of key staff could compromise ability to deliver objectives, undermine industry confidence and may have negative effects on morale.**

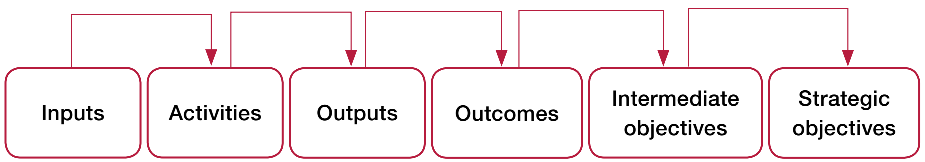
Some regulators, including the CMA, Monitor and Ofgem, have expressed concern over their difficulty in attracting and retaining staff with the right skills and experience.

**4 NAO reports have highlighted the need for improvements in linking outcomes with measures of performance, and costs with activities (Figure 15).**

Regulators find it difficult to report on their performance, due to difficulties in measuring costs and benefits and uncertainty about the extent of their influence on markets.

However, without good performance measurement it is hard for regulators to demonstrate that they are providing effective value for money. Ofgem, Ofwat and the FSA are among several regulators trying to develop performance measurement frameworks to allow them to improve their oversight of delivery and enhance accountability.

Figure 15: Performance measurement logic model



# Competition and Markets Authority

Non-ministerial department

## About

The Competition and Markets Authority (CMA) promotes competition for the benefit of consumers. Its aim is to make markets work well for consumers, businesses and the economy.

The CMA investigates and controls mergers and acquisitions, and can prohibit them if they substantially lessen competition; monitors markets, and can order remedies to any features that have an adverse effect on competition; tackles cartels; enforces competition and consumer laws; and cooperates with sector regulators on competition matters.

The Office of Fair Trading estimated that the average annual benefits of its work including markets, mergers and enforcement from 2011–2014, were £454 million.

**Resources: 2014-15 budget (CMA was not in existence for 2013-14 accounting period)**

**Expenditure:**
**£68,500,000**

**Headcount:**
**669 Full Time Equivalent (FTE)**
**(June 2015)**

## Background

The CMA is a new body, which became fully operational on 1 April 2014; it assumed many of the functions of the Competition Commission and Office of Fair Trading, which were abolished.

It is seeking to work in an increasingly intelligence-led way with a unified pipeline of demand and a flexible resourcing model. It is also increasing focus on advocacy of the competition agenda.

It operates in a framework of significant EU and UK legislation and case law. It also performs a number of non-discretionary tasks.

It works with sector regulators to lead the UK competition regime but as a competition authority its activities tend to focus on intervention after an event rather than ahead of it.

Overview of key regulators

# The Office of Gas and Electricity Markets

Non-ministerial department

## About

The Office of Gas and Electricity Markets (Ofgem) regulates the gas and electricity markets. It aims to protect the interests of gas and electricity consumers by promoting effective competition, monitoring markets to ensure they are working for consumers and regulating network monopoly companies. It also has responsibility for administering the government's social and environmental schemes in energy.

Ofgem works with several bodies to achieve its statutory duties and support delivery of government's energy priorities. It operates within a framework of domestic and EU legislation, and interacts frequently with devolved administrations.

Consumer spending in the markets which Ofgem regulates was more than £60 billion in 2013.

**Resources (2013-14 Annual Report and Accounts)**

**Expenditure:**
**£83,414,000**

**Headcount:**
**878 FTE**

## Background

Ofgem's statutory duties have been changed several times over the years, notably to strengthen the regulator's emphasis on sustainability; to clarify its principal objective is to protect the interests of existing and future consumers; and to embed the requirements of the EU energy Third Package, to facilitate the single market.

In December 2014, Ofgem published its strategy, setting out the five outcomes it aims to deliver for consumers: lower bills than would otherwise have been the case; reduced environmental damage; improved reliability and safety; better quality of service appropriate for an essential service; and benefits for society as a whole. It is also undertaking an internal strategic transformation programme, to enable it to meet its aim to be a trusted and authoritative source of advice and information, so that consumers and investors trust the market.

Overview of key regulators

# The Office of Communications

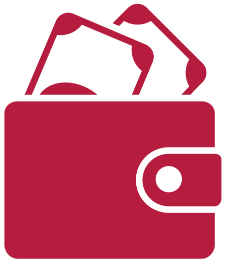
Statutory Corporation

## About

The Office of Communications (Ofcom) is responsible for regulating a wide range of electronic communications services including TV and radio sectors, fixed-line telecoms, mobiles and postal services plus the airwaves over which wireless devices operate.

Ofcom's duties are to: promote competition to ensure good consumer outcomes in the industries it regulates; secure optimal use of the electro-magnetic spectrum to benefit UK citizens and consumers; ensure that a wide range of TV and radio services of high quality and wide appeal are available throughout the UK, and that people are protected from harmful or offensive material and from having their privacy invaded.

### Resources (2013-14 Annual Report and Accounts)



**Expenditure:**
**£111,600,000**

**Headcount:**
**785 FTE**

## Background

Ofcom operates within sectors with rapid technological change, for example, television services increasingly being provided through the internet and changes in mobile technology (4G, 5G) creating new demands on spectrum.

Ofcom engages with the legislative programme of the EU and operates within an EU and UK framework and also has a duty to take account in its decisions of those who live in different parts of the UK.

Communications industry revenues from telecoms, TV, radio and postal services was more than £60 billion in 2013 and household expenditure on communications services by UK households was more than £37 billion.

# The Water Services Regulation Authority

Non-ministerial department

## About

The Water Services Regulation Authority (Ofwat) is the economic regulator of the water and sewerage sector in England and Wales.

Its primary duties are to protect the interests of consumers by promoting competition, ensuring that companies properly carry out their functions, and to further the resilience objective and ensure that companies can finance their functions.

Its secondary duties include promoting economy and efficiency, and contributing to the achievement of sustainable development.

### Resources (2013-14 Annual Report and Accounts)

**Expenditure:**
**£21,500,000** core budget and one-off spend of **£5,600,000** (price review activities), **£1,500,000** (Thames Tideway Tunnel) and **£500,000** (challenging proposals to increase customers' bills in 2013).

**Headcount:**
**118 FTE**

## Background

Ofwat operates in an environment where it engages with a number of different UK bodies in a range of sectors.

It has recently undertaken a change programme to refocus its supervisory approach to be more risk-based and outcome-focused. It is seeking to evolve the industry approach from a compliance culture to one that is more focused on consumer outcomes while maintaining consistency for the industry.

The Water Act 2014 introduced competition to the non-household retail market, and introduced changes to make it easier for new suppliers to enter the market.

UK households spent approximately £10.5 billion on water and sewage in 2014.

# Civil Aviation Authority

Public Corporation

## About

The Civil Aviation Authority (CAA) oversees and regulates all aspects of civil aviation in the UK.

The CAA's aim is to protect the interests of the public. It promotes competition and value for aviation users and improvement in environmental performance. It enhances aviation safety performance by pursuing targeted and continuous improvements in systems, culture, processes and capability.

The UK aviation industry (excluding the aerospace industry) contributed £41.2 billion to GDP in 2014.

### Resources (2013-14 Annual Report and Accounts)

**Expenditure:**
**£139,004,000**

**Headcount:**
**919 FTE**

## Background

The CAA's legislative foundation has evolved over 40 years. Much of the legislation is defined at an international level and is often rules-based; this can present challenges to the CAA's risk-based approach.

In April 2014, the CAA created a dedicated General Aviation unit to improve its regulation of the sector and ensure that this is proportionate.

There is also significant change in the sector with the question of runway capacity and the emergence of new technology such as the use of drones.

The CAA's Future Airspace Strategy aims to manage the UK airspace, increasing capacity while improving safety and reducing the environmental impact.

The CAA has seen an increase in the number of passengers seeking compensation from airlines. This appears to be due to high-profile court cases, which have increased consumer awareness of its work.

Overview of key regulators

# Office of Rail and Road

Non-ministerial department

## About

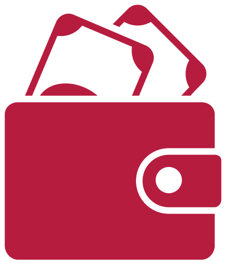
The Office of Rail and Road (ORR) is the independent safety and economic regulator for Britain's railways and monitor of Highways England.

It sets Network Rail's outputs and funding based on the efficient cost of the services the government wants to buy from the railways, and ensures that these are delivered.

ORR regulates access to the network for train operators, and is also the competition and consumer authority, responsible for protecting customers' interests and ensuring fair treatment.

As Highways monitor it is responsible for monitoring Highways England's management of the strategic road network and delivery of its major new investments.

**Resources (2013-14 Annual Report and Accounts)**



**Expenditure:**
**£28,700,000**

**Headcount:**
**278 FTE**

## Background

The Infrastructure Act 2015 changed the status of the Highways Agency from an executive agency to a government-owned company. The ORR is responsible for monitoring the performance of this new company.

Rail regulation operates within EU and domestic frameworks and the ORR has significant engagement at the EU level. There is also the potential within the UK for further devolution of decision-making for the rail network.

The ORR is also responsible for scrutinising the operational and economic performance of High Speed 1, and may be required to take on further work depending upon the decisions which are made in respect of High Speed 2.

# Monitor

Executive non-departmental public body

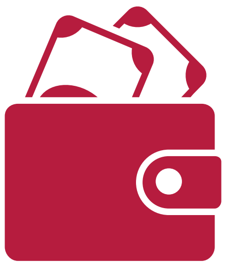
## About

Monitor assesses NHS trusts for foundation trust status, and licenses foundation trusts and other eligible providers of NHS healthcare services.

Monitor's licensing system is used to help set prices for NHS-funded care (in partnership with NHS England), enable integrated care, prevent anti-competitive behaviour, and support commissioners to protect essential health services for patients if a provider gets into financial difficulties.

In 2013, £150.6 billion was spent on healthcare in the UK.

### Resources (2013-14 Annual Report and Accounts)



**Expenditure:**
**£64,048,000**

**Headcount:**
**356 FTE**

## Background

The Health and Social Care Act 2012 broadened Monitor's role from regulating foundation trusts to regulating significant elements of the healthcare services sector in England.

Monitor's new responsibilities include: enabling integrated care; ensuring the continuity of NHS-funded services; setting prices for NHS-funded care jointly with NHS England from April 2014; and enforcing rules to prevent anti-competitive behaviour by healthcare commissioners and providers.

Monitor operates in a complex landscape that includes a number of other public bodies including NHS England, the Care Quality Commission, the NHS Trust Development Authority and the Department of Health, with whom it must work in collaboration to achieve its objectives.

Monitor expects the financial challenges faced by the healthcare sector to result in an increase in regulatory action over the next few years.

# Food Standards Agency

Non-ministerial department

## About

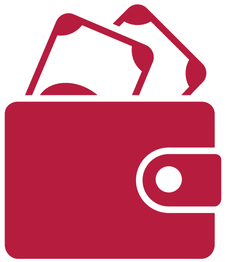
The Food Standards Agency (FSA) is responsible for protecting public health and consumers' interests in relation to food.

The FSA is responsible for regulating the safety of food and animal feed. The FSA approves, and directly enforces controls in, meat and dairy premises.

It also enforces wine standards and animal welfare in slaughterhouses, and issues food hygiene ratings to food shops and restaurants.

The agri-food sector alone contributed £103 billion to the UK economy in 2013.

### Resources (2013-14 Annual Report and Accounts)



**Expenditure:** £155,618,000

**Headcount:** 1,647 FTE

## Background

The FSA operates within an international framework as the majority of food law derives from EU legislation.

Much of the FSA's inspection and enforcement regime is dependent upon delivery partners such as local authorities.

The FSA ceased operating in Scotland on 1 April 2015 and its responsibilities were transferred to Food Standards Scotland, a new body of the Scottish government.

It has created a new Food Crime Unit to strengthen consumer confidence in the aftermath of the horsemeat fraud incident.

It is exploring new approaches to regulation such as the naming of retailers in the publication of quarterly survey results to create competition between supermarkets in an effort to reduce the incidence of campylobacter bacteria in chicken.

Overview of key regulators

# Health and Safety Executive

Non-departmental public body

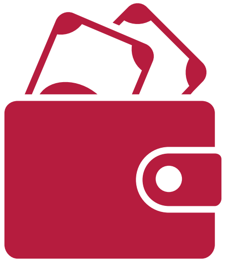
## About

The Health and Safety Executive (HSE) is responsible for encouraging, regulating and enforcing work-related health and safety.

Its mission is the prevention of death, injury and ill-health to those at work and those affected by work activities.

Injuries and new cases of ill-health resulting largely from current working conditions cost society an estimated £14.2 billion in 2012-13 (2012 prices).

### Resources (2013-14 Annual Report and Accounts)



**Expenditure:**
**£278,918,000**

**Headcount:**
**3,132 FTE**

## Background

HSE operates a relatively mature regulatory regime which is well established in key sectors such as construction. It has focused on risk-based, outcome-focused models of regulation to encourage sectors to drive improvements themselves.

It is engaged in educating stakeholders to avoid excessive risk aversion in the health and safety sphere, for example myth-busting.

It is using technology as a way of delivering information, for example about asbestos, alongside conventional media campaigns.

It is also working with industry and others to explore and maximise new ways of data sourcing to inform targeting and improve evaluation.

HSE works with the EU to ensure that European legislation (for example, on offshore oil and gas drilling) is compatible with the UK's existing regulatory regimes.

# Appendix One

## National Audit Office Regulatory report catalogue 2010–2015

| Report title | Published |
|---|---|
| Financial services: regulation, redress and advice overview 2014 | 27 Feb 2015 |
| Follow-up on the Charity Commission | 22 Jan 2015 |
| Using alternatives to regulation to achieve policy objectives | 30 Jun 2014 |
| Business Perceptions Survey 2014 | 28 May 2014 |
| Update on consumer protection landscape reforms | 24 Apr 2014 |
| Regulating financial services | 25 Mar 2014 |
| 4G radio spectrum auction: lessons learned | 12 Mar 2014 |
| Deciding prices in public services markets: principles for value for money | 23 Dec 2013 |
| Money Advice Service: Helping consumers to manage their money | 5 Dec 2013 |
| The regulatory effectiveness of the Charity Commission | 4 Dec 2013 |
| The Cup Trust | 4 Dec 2013 |
| Efficiency Review: Food Standards Agency – the delivery of meat hygiene official controls | 8 Jul 2013 |
| Office of Communications Section 400 (licence fees and penalties) account | 4 Jul 2013 |
| Office of Fair Trading: regulating consumer credit | 19 Dec 2012 |
| Overview of Ofgem 2011-12 | 16 Nov 2012 |
| Submission of evidence: Controls on regulation | 28 Sep 2012 |

# Appendix One *continued*



## National Audit Office Regulatory report catalogue 2010–2015

| Report title | Published |
|---|---|
| NAO briefing: Regulating charities: a landscape review | 17 Jul 2012 |
| Regulating defined contribution pension schemes | 11 Jul 2012 |
| Business Perceptions Survey 2012 | 29 Jun 2012 |
| Delivering public services through markets: principles for achieving value for money | 26 Jun 2012 |
| NAO Briefing: Performance of Ofgem | 21 Feb 2012 |
| Financial Ombudsman Service: Efficient handling of financial services complaints | 12 Jan 2012 |
| Protecting consumers – the system for enforcing consumer law | 15 Jun 2011 |
| Regulating Network Rail's efficiency | 1 Apr 2011 |
| Ofcom: The effectiveness of converged regulation | 10 Nov 2010 |
| The NAO's work on regulatory reform | 15 Oct 2010 |
| NAO Business Perceptions Survey 2010 | 15 Jul 2010 |
| Assessing the impact of proposed new policies | 1 Jul 2010 |