National Audit Office

REGULATION OVERVIEW 2019

REGULATION

MARCH 2020

REGULATION

This overview summarises what regulation is for, how much it costs, cross-sector developments and key themes from recent NAO reports.

CONTENTS

The National Audit Office (NAO) helps Parliament hold government to account for the way it spends public money. It is independent of government and the civil service. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. 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 government is delivering value for money on behalf of the public, concluding on whether resources have been used efficiently, effectively and with economy. The NAO identifies ways that government can make better use of public money to improve people's lives. It measures this impact annually. In 2018 the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.

If you would like to know more about the NAO's work on regulation, please contact:

Charles Nancarrow
Director, Regulation & Trade
charles.nancarrow@nao.org.uk
020 7798 7399

If you are interested in the NAO's work and support for Parliament more widely, please contact:

parliament@nao.org.uk
020 7798 7665

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What regulation is for

Government uses regulation to deliver public policy outcomes where it has little direct control over the provision of goods or services (for example, to protect consumers, markets, the taxpayer, or the environment). It is distinct from direct government provision or contracting of services, because it relies on using incentives to drive behaviour change in individuals and organisations outside of government's direct oversight.

Without regulation, some service providers or markets can fail to meet the needs of citizens or public policy objectives, for a number of reasons. Consumers, particularly those in vulnerable circumstances, may find it difficult to compare options and make good choices, for example between care homes or loan providers. A lack of fair competition can mean that consumers have limited or no choice at all, and small businesses can struggle to succeed. Companies and other service providers may have other priorities, including maximising their shareholder value.

Regulation is used to minimise the impact of these issues, and to achieve a wide range of social, environmental and economic goals (Figure 1). Good regulation can also enable innovation to provide better or more varied services, such as by prompting necessary legislative change or improving consumer confidence in a sector. When regulation fails, it can lead to problems such as unsafe products, high prices or harm to the environment. In some cases, the taxpayer can bear significant costs and liabilities, as occurred in the bail-out of the UK financial sector in 2008.

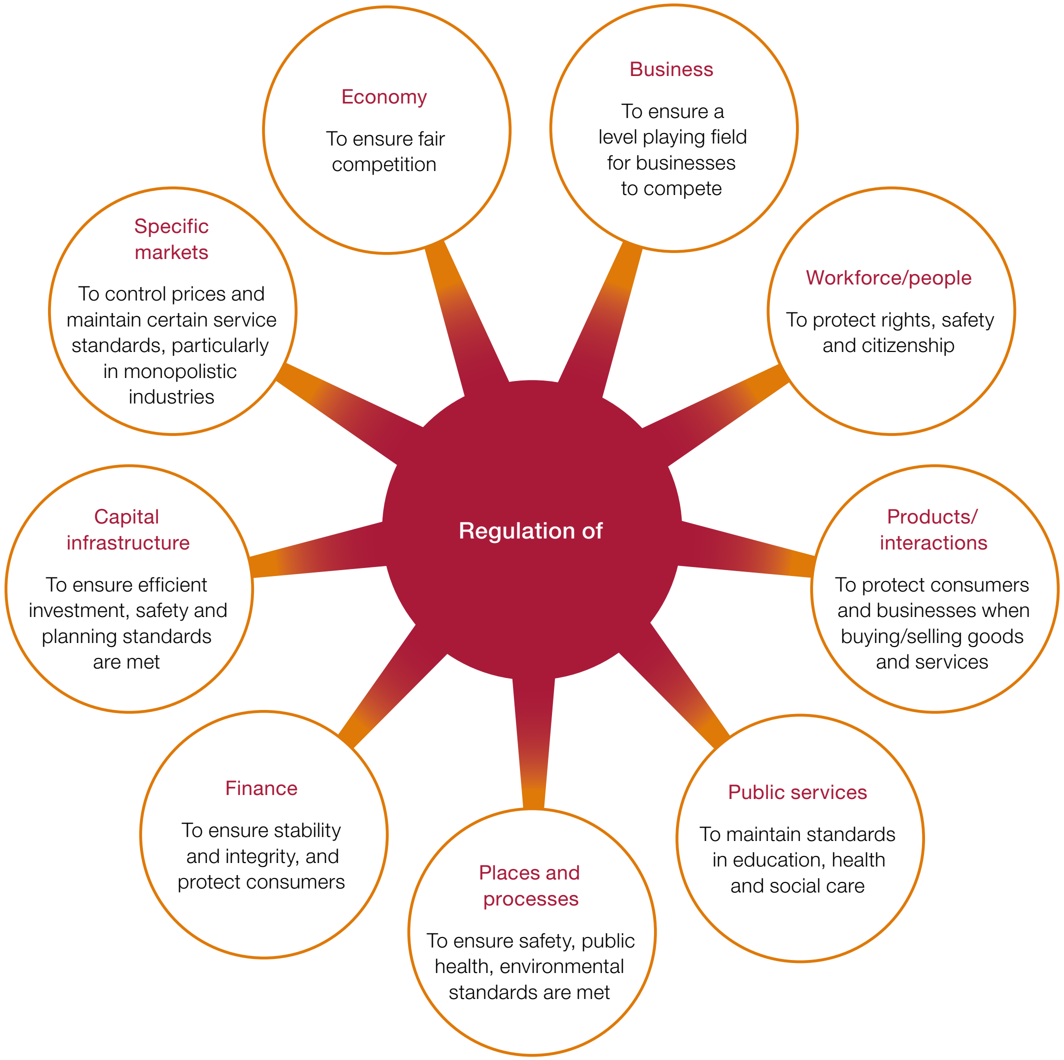
This overview

In 2017 we produced *A Short Guide to Regulation*, which provides an explanation of what is regulated and how, the role of competition and efforts to streamline regulation, and current and future challenges facing regulators.

This overview provides:

- a brief summary of what regulation is for, how it is done, and an update on key developments;
- key themes from our value-for-money work on regulation since 2017; and
- short overviews of 10 key regulators that cover major sectors and which we have audited or engaged with most in our regulation work since 2017.

Figure 1: Examples of the objectives of regulation



Source: National Audit Office analysis

Who regulates, and how much it costs

Regulators

There are around 90 regulatory bodies in the UK, not including local authorities. They cover a wide range of areas, from education, healthcare and charities to transport, communications and the media, utilities and the environment. Between them, these regulators had a total expenditure of £4.9 billion in 2018-19 (**Figure 2**). This expenditure covers all regulatory activities as well as general running costs.

Regulators' specific roles and responsibilities are varied – ranging from protecting consumers to wider responsibilities around the environment and safety.

Regulators come in various forms and sizes, depending on their scope and remit. The largest, the Financial Conduct Authority, had expenditure of £579 million in 2018-19, while the smallest regulatory bodies spend around £100,000. Part Two to this overview provides short overviews of 10 key UK regulators.

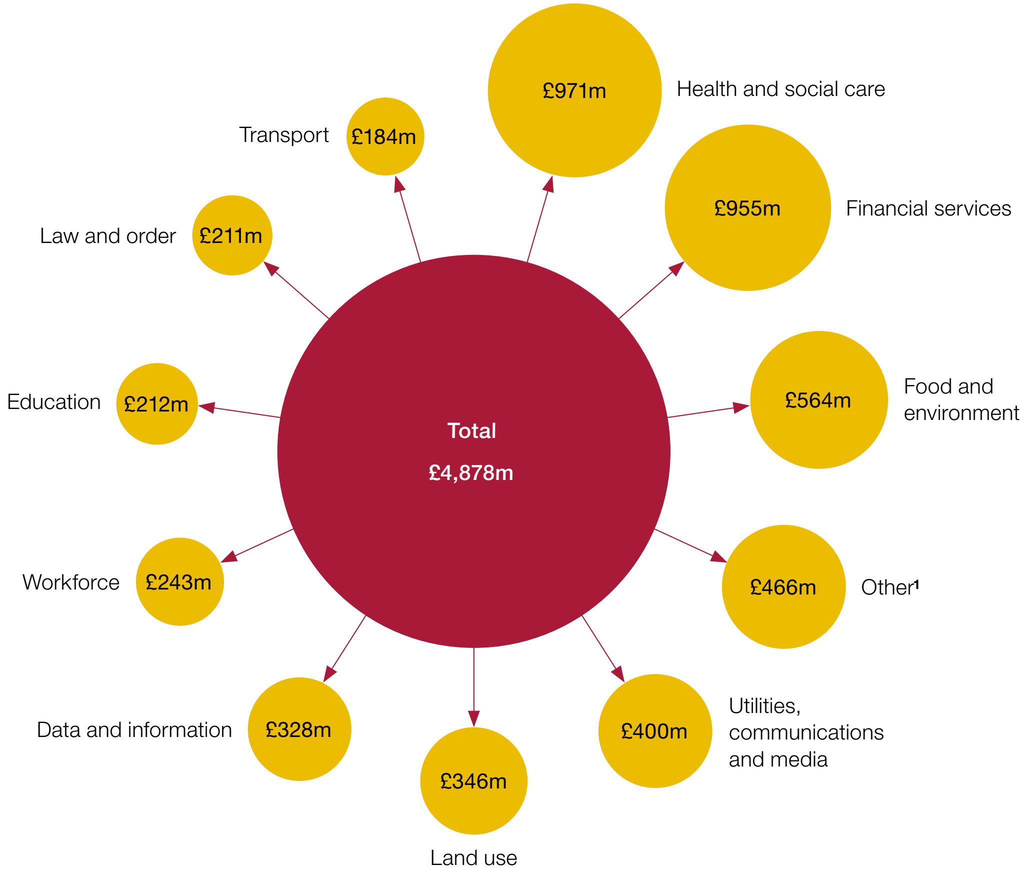
Local authorities are also an important part of the UK's regulatory landscape. They deliver various national regulations at a local level, which can include granting licences, conducting inspections and taking enforcement action. These functions can be granted through delegation by a central regulator, or directly written into legislation.

Wider costs and benefits of regulation

The full cost of regulation is higher than the operating costs of regulators. Compliance with regulations brings additional costs to regulated providers, for example resources needed to put additional checks in place or monitor and record compliance. Our 2016 report on *The Business Impact Target* examined government's efforts to reduce the cost of regulation.

Where government and regulators consider the cost of regulation, they do so by comparison with the benefits it brings. Good regulation maximises the benefits while minimising compliance costs and unintended consequences. The benefits of regulation can be both to wider society (such as improved environmental and safety standards) and to businesses themselves (through increased consumer confidence). Not all of the benefits of regulation are easily quantifiable, as we covered in our 2019 report on *Regulating to protect consumers in utilities, communications and financial services markets* (see page 10).

Figure 2: UK regulators' expenditure by sector, 2018-19[2]



Notes

1 Each category includes multiple regulators. The 'other' category includes regulated areas such as housing, charities, competition enforcement, intellectual property and corporate reporting.

2 Where audited 2018-19 figures were not yet available, we have used figures from previous years.

3 The sum of sector expenditure does not equal the total due to rounding.

Source: National Audit Office analysis of financial statements and other publications from regulatory bodies

Different forms of regulation

In a well-functioning market, the behaviour of customers and competition between providers can be more effective at improving quality and efficiency than using prescriptive regulation. For example, by switching provider to one who offers the best service in terms of quality and price, customers can incentivise providers to catch up with the leaders or else lose their market share and fail.

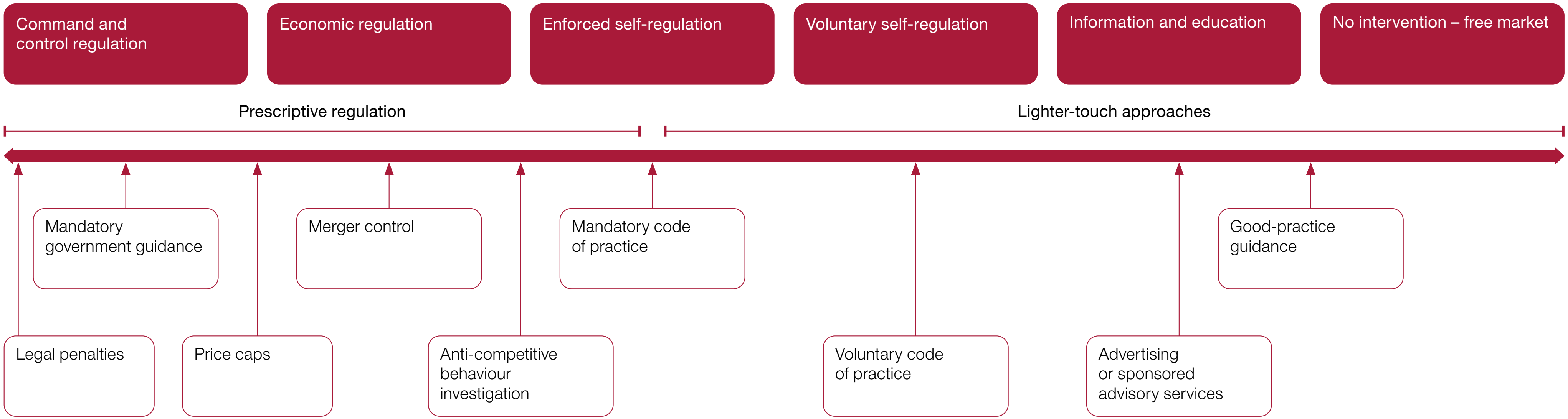
Regulation can therefore take various forms, depending on the particular issues that prevent the market from delivering the intended public policy outcomes. Regulatory interventions range from strict and prescriptive rules and enforcement to lighter-touch incentives through guidance and codes of practice, and most regulators will use a variety of approaches (Figure 3).

Things to look out for: Regulatory approaches in practice

Examples of forms of regulation include the following:

- Most regulatory bodies take enforcement action against companies that fail to comply with rules or licence conditions, for example requiring them to communicate certain information to consumers or ensure goods and services meet certain standards. Enforcement can include fines and penalties, or may result in revoking licences entirely.
- Economic regulators such as Ofwat and Ofgem set limits and rules on the prices that monopoly companies can charge, either directly to consumers or to other businesses who then service consumers.
- Some regulators, particularly those that regulate a large number of providers such as the Financial Conduct Authority, use principles and codes of practice to set standards and incentivise improvement beyond minimum requirements.
- Many regulators also provide more general advice and guidance to support providers to improve.

Figure 3: Different approaches to regulation



Source: National Audit Office analysis

How regulators are held to account

Regulatory independence

Government intends many regulators to be highly independent so that they can meet their statutory duties without undue influence from industry, governments or other interest groups. Most economic regulators such as Ofgem and Ofcom, for example, are statutorily independent bodies. Government plays an influential role in setting the legal and policy framework in which regulators set rules and intervene in markets. In most cases, government has a role in making appointments to regulators' boards, and sometimes issues guidance which signals government's priorities and view of how legislation should be interpreted.

Accountability arrangements

Regulators are typically accountable to Parliament, either directly or through their sponsor minister, or both. The way in which they are accountable broadly depends on their administrative status (Figures 4 and 5). Most regulators are directly accountable through their own accounting officer, who must personally "be able to assure Parliament and the public of high standards of probity in the management of public funds" (*Managing Public Money*). Executive agencies are accountable through the government department of which they are a part.

Consumers and citizens are also able to hold regulators to account and to directly seek redress for poor service, such as through ombudsman services or advocacy bodies.

Things to look out for: Accountability in action

While regulators are accountable to Parliament in general, in practice select committees play an important role. For example, the select committees that monitor the four sectors we audited in our 2019 report on *Regulating to protect consumers in utilities, communications and financial services markets* have between them held 15 inquires in the past three years that raised concerns about the consumer experience. In the same period, the Committee of Public Accounts has similarly reported its concerns on a number of issues including energy bills, financial services mis-selling and consumers' exposure to online fraud.

Figure 4: Accountability arrangements vary between different types of regulator

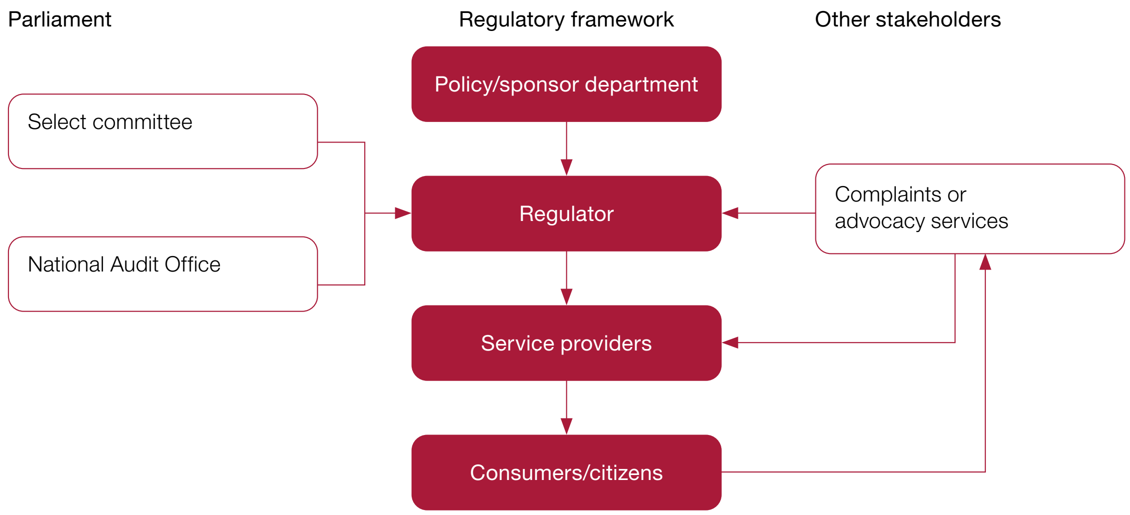
Administrative status	Distinct legal identity	Accountable to Parliament via minister	Directly accountable to Parliament	Board appointed by government
Executive agency (for example, Medicines and Healthcare Products Regulatory Agency)	✗	✔	✗	✔
Non-ministerial department[1] (for example, Ofgem)	✔	✔	✔	✔
Non-departmental public body (for example, Office for Students)	✔	✗	✔	✔
Independent body (for example, General Medical Council)	✔	✗	✔	✗

Note

1 Regulators that are non-ministerial departments are typically jointly accountable to Parliament with the relevant Secretary of State.

Source: National Audit Office analysis

Figure 5: Representative accountability arrangements



Source: National Audit Office analysis

Key cross-sector developments

Regulation faces a number of challenges to keep pace with social and technological changes, such as commerce and social interaction increasingly being conducted online or increasing numbers of young people wanting to enter into higher education. Government has introduced many recent changes to the regulation of individual sectors aimed at responding to new or changing risks. Examples include the following:

- the higher education market has a new regulator in the Office for Students, which was created in January 2018 and is intended to improve value for money for students; and
- in 2018, Ofgem was given additional powers to set and monitor price caps on default energy tariffs, in response to concerns that many were priced too high.

In addition, there are a number of cross-sectoral reviews and proposals currently under way across the regulatory landscape. The key developments vary in focus, and cover consumer harm, resilience in utilities, technological change and environmental protection:

National Infrastructure Commission regulation study

The government asked the National Infrastructure Commission to review whether the regulatory system for energy, telecoms and water will adequately encourage investment in infrastructure that meets future needs. The review published in October 2019 and made recommendations to improve strategic investment and protection of consumers and environment.

Modernising Consumer Markets

The government published a consultation document in 2018, exploring how to ensure markets work well for consumers. A white paper is expected in due course. In July 2019, the government also published a strategic steering document for the Competition and Markets Authority (CMA), urging it to be a strong, independent voice for consumers.

Online Harms

The government's 2019 *Online Harms* white paper sets out plans for a new regulatory framework intended to improve online safety. The government is consulting on its approach, and its initial response in early 2020 indicated an intention to give the new regulatory functions to Ofcom, and an expectation that they will be primarily funded by industry.

Regulating for the Fourth Industrial Revolution

As part of its industrial strategy, the government published a white paper in 2019 setting out its plans to ensure that UK regulatory frameworks can respond to rapid technological change. It lays out plans for regulation in the specific areas of transport, artificial intelligence, the digital economy and energy.

Environmental protection

The government published a draft Environment (Principles and Guidance) Bill in 2018, setting out its intention for a new framework to strengthen environmental regulation and a new regulator in the Office for Environmental Protection. The government's 2019 update set out responses to recommendations from Parliamentary select committees.

Managing public money

Certification of regulators' financial statements

The Comptroller & Auditor General certified the 2018-19 financial statements of all major regulators, including those in Part Two of this overview, with unqualified audit opinions. This means that, based on the results of our audits, his opinion is that the accounts are a true and fair representation of regulators' financial performance in the year and position at the end of the year.

Like other public bodies, regulators adopted a number of new financial reporting standards in 2018-19, which in some cases has affected how they report their financial position. For example, at the Health & Safety Executive (HSE), the requirements of new reporting standards regarding financial instruments, together with analysis of the effectiveness of debt collection policies in prior years, has resulted in HSE reducing its doubtful debt provision from £4.9 million to £2.7 million.

Things to look out for: In regulators' financial statements

The funding models and policy choices adopted by some regulators have led either to large changes or to other noteworthy figures in their 2018-19 financial statements. In particular:

- **Cost recovery:** Many regulators levy fees and charges to fund their operations, which can result in financial pressures if funding models cannot effectively adapt to changing risks. For example, the Food Standards Agency's (FSA's) financial objective is to fully recover the costs of its regulatory activities. There currently remains a shortfall between how much it costs the FSA to deliver meat official controls and the income it receives from food business operators for these controls. This results in an effective subsidy of £21.5 million (£20.7 million in 2017-18) from the FSA to the meat industry.

- **Large provisions:** Ofcom's 2018-19 income statement reports a one-off deficit of £229.5 million (2017-18 £2.9 million surplus), due to the inclusion of a provision of £232 million for the repayment of an increase in licence fees to mobile network operators. These fees were previously collected under Ofcom's 2015 regulations, which sought to increase licence fees but the increase was held to be unlawful in a Court of Appeal judgment. The amount to repay was determined by the High Court in May 2019.

- **Funding changes:** Various regulators have prioritised their work in the past three years to prepare for EU Exit. In particular, the CMA is expected to take on new and expanded functions, and had its funding increased by £23.6 million in 2018-19 to prepare for aspects of competition regulation and enforcement activity to be repatriated from the European Commission following EU Exit.

Ensuring value for money

Consumer vulnerability and problem debt

Many people have characteristics or circumstances which can impair their ability to engage with or benefit from different services (**Figure 6**). This potentially makes them vulnerable, particularly when things go wrong. Vulnerability can have three broad effects:

- **Exclusion:** Those who are disabled, elderly or on low incomes in particular can find themselves unable to access or use essential services such as energy or banking.
- **Financial difficulty:** Vulnerable consumers can pay substantially more for services than other users because they are excluded from, or unable to find, the best deals. Those on low incomes or with unmanageable debt can struggle to afford the cost of essential services.
- **Poor user experience:** Services may not meet the often complex needs of consumers in vulnerable circumstances. Some consumers are particularly susceptible, for example, to poor debt collection practices.

Case study 1: Impact of problem debt

Problem debt has a significant impact on the individual

After re-mortgaging her house, Lisa could not keep up with repayments and fell into arrears. She faced having her house repossessed, and felt hopeless and desperate about her situation. This led to depression, which in turn led her to become both bulimic and suicidal. Due to her illness, she started to neglect her children. She ensured they wore clean clothes and were fed, but was not capable of anything else.

Source: Legal Services Research Centre, *Assessing the Impact of Advice for People with Debt Problems*, 2007

Vulnerability as a cross-sector issue

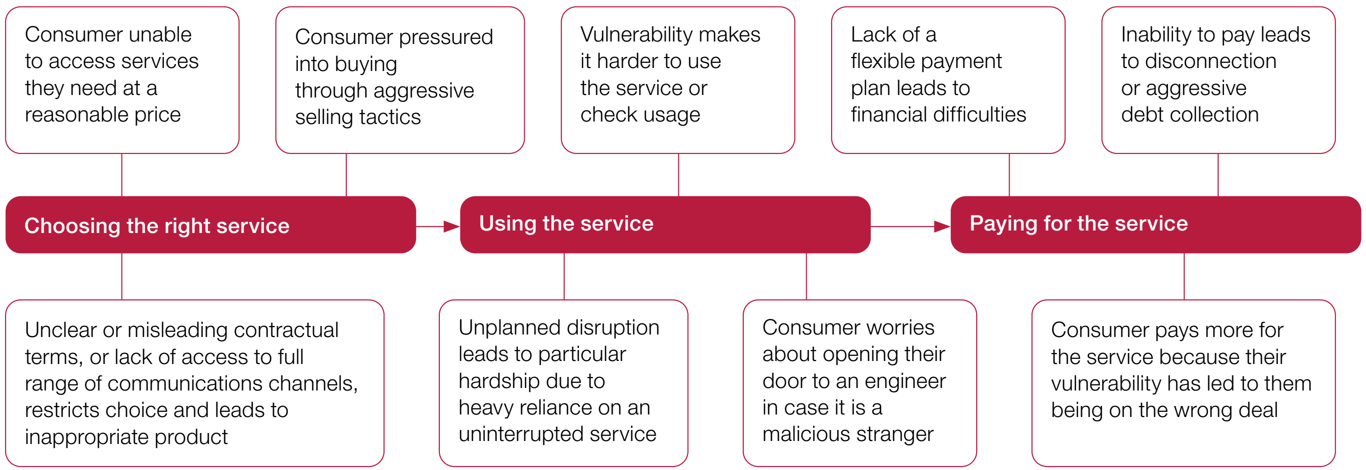
Our 2017 report, *Vulnerable consumers in regulated industries*, found the impact on individuals of being in a vulnerable position cuts across services. We found that 22% of people contacting Citizens Advice had experienced problems in at least two sectors out of water, energy, telecoms and financial services, rising to 32% of those struggling with debt. It also found that, despite common challenges, regulators and government take different approaches to addressing them, and are not clear about their respective roles and responsibilities. We found similar issues in our 2019 report, *Regulating to protect consumers in utilities, communications and financial services markets*.

The impact of problem debt

Our 2018 report, *Tackling problem debt*, highlighted the impact on people of struggling to pay their debts or other household bills (**Case study 1**). Our analysis found that problem debt leads to a statistically significant increase in someone's likelihood to experience anxiety or depression or to be in state-subsidised housing. We estimated that these effects result in additional direct costs to public services of at least £248 million a year, and to the economy as a whole of around £900 million a year. We also found that poor debt collection practices, such as intimidating actions and additional charges, were 15%–29% more likely to make debts harder to manage and increase levels of anxiety or depression.

Figure 6: Accessing and using services

Vulnerable consumers can be affected at every stage in service provision



Source: National Audit Office analysis

Ensuring value for money

Holding regulators to account for their performance and impact

For any public body to be as effective as possible, it needs a good understanding of what it is trying to achieve and what progress it is making towards that objective, so that it can take corrective action where necessary. Public bodies are also held to account for their performance by their boards, by Parliament and by other stakeholders and the general public (see page 6). For this to be effective, regulators need to be able to:

- clearly set out what they are responsible for and what they are trying to achieve; and
- measure and report meaningfully whether they are achieving their intended outcomes and what impact they are having.

Clarity over roles, responsibilities and objectives

Expectations of regulators: Our work has often found a lack of clarity over the respective roles and responsibilities of regulators and government. This is particularly the case where regulators need to manage trade-offs between groups of consumers (for example, where what works for the average consumer will not work for those in vulnerable circumstances) or between different objectives (for example, promoting investment to meet environmental aims while keeping prices low for consumers). We highlighted in our 2019 report on *Regulating to protect consumers in utilities, communications and financial services markets* that:

- determining how to manage many of these trade-offs is challenging for regulators alone; and
- while regulators have set high-level aims such as high-quality and good-value services for consumers, they have not defined what these mean, and therefore what they want to achieve, in practical, measurable terms.

Expectations of the market: In some sectors, there can also be an expectation that a market will deliver the outcomes that government or regulators want. Our 2017 report on *The higher education market* found that government intended the market to improve quality and value for money for students and meet skills needs in the economy, but market incentives to meet these priorities were weak. Competition between providers to drive improvements on price and quality had yet to prove effective. The Office for Students – the new higher education regulator – had not yet been introduced at the time of our study.

Measuring and reporting performance and impact

Our past work on regulation has often found weaknesses in regulators' performance information. Our 2019 reports on *Regulating to protect consumers in utilities, communications and financial services markets* and *Ensuring food safety and standards* highlighted some common findings:

- Regulators are working to improve how they measure their performance, but are at different levels of maturity and all have further to go. They monitor data on consumers' experiences, but do not all routinely use this to assess their own performance.
- Regulators find it particularly challenging to robustly measure the impact of their interventions. The Financial Conduct Authority has made progress in starting work to better understand its influence with a more structured approach to measuring the direct impact of a sample of individual actions it has taken.
- Regulators' public reporting does not provide a meaningful overall assessment of how well they are protecting consumers' interests. Despite areas of good practice, regulators do not consistently provide a clear line of sight between what they are trying to achieve overall, what they have done to meet these objectives and what the actual outcomes are for consumers.
- Regulators have no common set of standards for what or how to report. We recommended that regulators develop principle-based standards for reporting regulatory performance in annual reports or other regular publications, based on general *good practice in annual reports* we have identified from the public and private sectors.

Ensuring value for money

Sustainability of regulatory funding

Regulation is funded in various ways. For example, the Financial Conduct Authority is wholly funded by the industry it regulates through licence fees and levies, the Competition and Markets Authority is mostly funded by government, and Ofgem receives funding from both industry and government. Some regulators, such as the Food Standards Agency, also delegate regulatory functions (including inspections and enforcement activities) to local authorities and these are funded separately.

Our work in recent years has identified some regulatory funding models that are coming under pressure from emerging risks, raising questions about their financial sustainability.

The UK's consumer protection regime

We previously reported in 2016 serious challenges for the financial sustainability of the consumer protection regime. This included the fact that enforcement of general consumer law is mostly conducted by local Trading Standards services, which face funding pressures and are not well placed to tackle consumer issues that are at a national or international, rather than local, level. Our 2018 report, *Exiting the EU: Consumer protection, competition and state aid*, also noted uncertainty over what will be needed in future, as it depends on the trading relationship between the UK and the EU.

Food safety and standards

Our 2019 report, *Ensuring food safety and standards*, examined how the dual central and local funding model played out in the Food Standards Agency's (FSA's) achievement of its objectives. In England, most of the costs of food regulation are met by the taxpayer, although some costs are recovered from business.

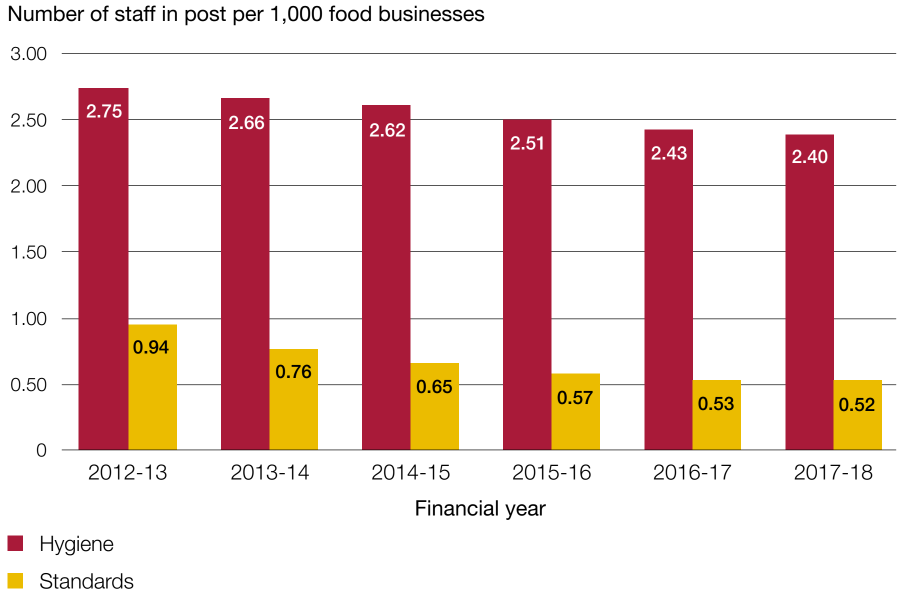
Our report found that funding for food controls has reduced since we last examined food regulation in 2013. Local authorities and port health authorities determine how much of their local budgets to spend on delivering food controls. We found that spending on food hygiene fell by 19% between 2012-13 and 2017-18, driven by local funding pressures and increased demand for other services.

Some local authorities are failing to meet statutory objectives to conduct interventions. In each year since 2012-13, English local authorities failed to carry out all the hygiene and standards interventions of food businesses that were due. Local authorities we spoke to attributed delays to staffing shortages, and there is wide variation nationally with some local authorities struggling significantly to keep on top of their workload (Figure 7).

Government does not have a coherent view on what a financially sustainable food regulation system should look like. The FSA has consulted on the principle of food businesses bearing the cost of regulation.

Figure 7: Number of local authority food hygiene and standards staff per 1,000 food businesses in England 2012-13 to 2017-18

The number of staff per 1,000 food businesses delivering food hygiene and standards regulations in England declined between 2012-13 and 2017-18 by an estimated 13% and 45% respectively



Notes

1 Analysis of food hygiene staff is based on 315 local authorities (12 excluded because of data quality issues or a lack of comparable data over the time period). Analysis of food standards staff is based on 136 local authorities (12 excluded because of data quality issues or a lack of comparable data over the time period). The total number of local authorities analysed does not sum to 353 because some local authorities are responsible for either food hygiene or food standards only, while other local authorities cover both.

2 Reported staff numbers are full-time equivalent.

Source: National Audit Office analysis of Local Authority Enforcement Monitoring System (LAEMS) data, 2012-13 to 2017-18

Ensuring value for money

Potential implications of EU Exit for regulation and consumer protection

The UK's exit from the European Union is likely to have far-reaching implications for regulatory policy and practice, but the scale and nature of this impact will depend on the future UK–EU relationship. In the past two years, we have reported a number of potential implications for regulation and consumer protection in the UK.

Regulatory skills and capacity

Following EU Exit, the UK may take on responsibility for a wide range of regulatory functions currently carried out by EU institutions. Examples include establishing domestic regulatory arrangements for:

- State aid
- Trade remedies
- Food safety risk management
- Chemical regulation
- Environmental protection
- Nuclear safeguards

To take on new functions, government may decide it needs to either expand existing regulatory bodies (such as the Competition and Markets Authority, which has expanded to prepare for new competition and state and responsibilities) or create new ones (such as the proposed Office for Environmental Protection). These regulatory areas come within the policy remit of various departments, including the Department for Business, Energy & Industrial Strategy, the Department for Environment, Food & Rural Affairs, and the Department for International Trade.

Cross-border regulatory cooperation and enforcement

Globalisation means products and services are increasingly sold across borders. After EU Exit, depending on the future UK–EU relationship, the UK may need to establish new approaches to cross-border cooperation with the EU on market surveillance, cross-border enforcement and consumer redress.

Key findings from National Audit Office (NAO) reports

In July 2018, the NAO report *Exiting the EU: Consumer protection, competition and state aid* examined government preparations for EU Exit in relation to the legal and regulatory frameworks covering consumer protection, competition and state aid. It highlighted the scale of the implementation challenge, particularly in relation to building the regulatory capacity and capability needed in the event of a no-deal scenario in March 2019.

In September 2018, the NAO report *Department for Environment, Food & Rural Affairs: Progress in Implementing EU Exit* included examining progress in establishing a new domestic regime for chemicals regulation in the event of a no-deal exit from the EU. The report found that the Department's focus up to that point had been on ensuring that it had a functioning chemical registration IT system, but it had not yet started to consider in detail what the future regulatory function would look like or how it would be managed.

In June 2019, the NAO report *Ensuring food safety and standards* noted that the FSA has had to re-prioritise its regulatory reform programme to prepare for EU Exit. These preparations included replacing the food safety risk assessment and risk management functions that currently rely on EU institutions and mechanisms, and building its capacity to deal with food incidents if the UK loses access to EU systems and networks. The report highlighted how changes in food trading patterns as a result of leaving the EU may have implications for the regulatory regime, but due to the uncertainty over future trading arrangements it was not yet clear what these impacts would be.

Overview of key regulators

Ofwat

Facts and figures	
Funding	100% funded through industry licensing
Governance	Non-ministerial department
Expenditure 2018-19	£30.5 million
Headcount 2018-19 (full-time equivalents)	265
Geographical remit	England and Wales

About

The Water Services Regulation Authority (Ofwat) is the statutory economic regulator of the water and sewerage industry in England and Wales. It has primary statutory duties to protect the interests of consumers, ensure that water companies and licensees carry out their statutory functions, ensure that efficiently run companies can finance their functions, and secure the resilience of water supply and wastewater systems in order to meet future demand.

Unlike some economic regulators, Ofwat has no direct safety or environmental role, as these are covered by other bodies such as the Drinking Water Inspectorate and Environment Agency.

The water sector has been fully privatised since 1989. It now predominantly consists of 17 independently run water and wastewater companies, which operate as regional monopolies in respect of the wholesale services they supply to customers.

Ofgem

Facts and figures	
Funding	71% from industry licences and contracts, with funding from government
Governance	Non-ministerial department
Expenditure 2018-19	£97 million
Headcount 2018-19 (full-time equivalents)	851
Geographical remit	Great Britain

About

The Office of Gas and Electricity Markets (Ofgem) regulates gas and electricity markets. Its main objective is to protect the interests of current and future customers in these markets, where these are assumed to include reduction of greenhouse gases and security of supply. It does this through supervision and development of markets, regulation and the delivery of government schemes.

Ofgem works with several bodies to achieve its statutory duties. It operates within a framework of domestic and EU legislation, and interacts frequently with devolved administrations.

Ofgem's statutory duties have been updated over the years, including: to strengthen the regulator's emphasis on sustainability; to clarify that its principal objective is to protect the interests of existing and future consumers; and to embed EU requirements that facilitate the single market in energy.

Overview of key regulators

Ofcom

Facts and figures	
Funding	Regulatory work 100% from industry licences and contracts. Mobile spectrum clearance funded from government
Governance	Statutory corporation
Expenditure 2018-19	£195 million (of which £72 million for spectrum clearance)
Headcount 2018-19 (full-time equivalents)	902
Geographical remit	UK

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 as well as the airwaves over which wireless devices operate.

Ofcom's principal duties are to further: the interests of citizens in relation to communications matters; and the interests of consumers in relevant markets, where appropriate by promoting competition. It is required, among other duties, to secure: optimal use of the electro-magnetic spectrum; availability of a wide range of TV, radio and electronic communication services of high quality and wide appeal; adequate protection from unfair treatment in TV and radio programmes and unwarranted infringements of privacy.

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.

Food Standards Agency

Facts and figures	
Funding	79% funding from government with rest coming from industry contracts
Governance	Non-ministerial department
Expenditure 2018-19	£130 million
Headcount 2018-19 (full-time equivalents)	1,602
Geographical remit	England, Wales and Northern Ireland

About

The Food Standards Agency (FSA) is responsible for protecting public health and consumers' interests in relation to food, and for regulating the safety of food and animal feed. It approves meat establishments and milk production holdings in relation to dairy hygiene, and directly delivers official controls and enforcement in these establishments in England and Wales. Controls and enforcement are devolved in Scotland and Northern Ireland.

In England and Wales, the FSA enforces animal welfare in slaughterhouses, and wine standards on behalf of government. It also publishes food hygiene ratings issued by local authorities to food shops and restaurants.

Much of the FSA's inspection and enforcement regime is dependent upon delivery partners, particularly local authorities. It also operates within an international framework, as the majority of food law derives from EU legislation. It works closely with European bodies, such as the European Food Safety Authority (EFSA).

_Overview of key regulators

Financial Conduct Authority

Facts and figures	
Funding	100% from industry fees
Governance	Company limited by guarantee
Expenditure 2018-19	£579 million
Headcount 2018-19 (full-time equivalents)	3,655
Geographical remit	UK

About

The Financial Conduct Authority (FCA) regulates financial markets in the UK. Its strategic objective is to ensure that the markets function well. It also has three operational objectives which are: to secure an appropriate degree of protection for consumers, to protect and enhance the integrity of the UK financial system, and to promote competition in the interests of consumers.

The FCA regulates approximately 59,000 businesses for conduct. Given the size of the sector, the FCA adopts an approach based on identification of harm and prioritising where it can deliver maximum public value.

The FCA was created by the Financial Services Act 2012, and has regulated consumer credit since 2014. The FCA is also the prudential regulator for 18,000 financial services firms, while the Prudential Regulation Authority covers larger financial services firms.

Office for Students OfS

Facts and figures	
Funding	Previously 100% government-funded, but as of August 2019 now mostly funded by registered providers
Governance	Non-departmental public body
Expenditure 2018-19	£30 million (covering 15-month period)
Headcount 2018-19 (full-time equivalents)	320
Geographical remit	England

About

The Office for Students (OfS) is the higher education regulator for England. It aims to ensure higher education providers meet minimum requirements. The four primary regulatory objectives are that students are supported to access higher education, receive high-quality academic experience, progress into employment or further education, and receive value for money.

Higher education providers must apply for registration to receive public grant or student loan funding, recruit international students, or apply for degree-awarding powers.

The OfS was created on 1 January 2018 as a result of the Higher Education and Research Act 2017, replacing the Higher Education Funding Council for England and the Office for Fair Access. It works closely with the Department for Education and UK Research and Innovation.

Overview of key regulators

Competition & Markets Authority

Facts and figures	
Funding	97% funding from government with rest from industry contracts
Governance	Non-ministerial department
Expenditure 2018-19	£80 million
Headcount 2018-19 (full-time equivalents)	747
Geographical remit	UK

About

The Competition and Markets Authority (CMA) is the UK's primary competition authority. Its aim is to make markets work well for consumers, businesses and the economy.

The CMA has responsibility for carrying out investigations into mergers and acquisitions, and can block them if it deems them likely to substantially lessen competition. It also monitors markets and regulated industries, as well as enforcing consumer and competition law. It fulfils an important role in considering regulatory appeals regarding price control decisions, where it has powers to set prices it deems more in keeping with the regulator's statutory duties.

The CMA was formed on 1 April 2014 from a merger of the Competition Commission and Office of Fair Trading. It assumed many of the functions of these predecessor bodies. It operates in a framework of significant EU and UK legislation and case law.

HSE Health & Safety Executive

Facts and figures	
Funding	41% funded through industry contracts, with funding from government
Governance	Non-departmental public body
Expenditure 2018-19	£218 million
Headcount 2018-19 (full-time equivalents)	2,453
Geographical remit	Great Britain

About

The Health & Safety Executive (HSE) is the regulator for work-related health and safety in Great Britain. Its mission is to prevent injury, death and ill-health to those at work and those affected by work activities, by protecting people and reducing risks.

The HSE encourages and supports businesses to understand how to comply with the law, and works with industry and other stakeholders to influence approaches to health and safety in workplaces. It targets its activity where risks are greatest or health and safety management is poorest, and uses a range of interventions including inspections, investigations and prosecutions where there is a breach of the law.

Formed in 1975 by the Health and Safety at Work etc Act 1974, HSE operates an established health and safety framework. It uses a goal-setting approach to regulation, with a focus on encouraging business to understand and apply risk control.

Overview of key regulators

OFFICE OF RAIL AND ROAD

Facts and figures	
Funding	97% funded by industry levy, licences and contracts, with funding from government
Governance	Non-ministerial department
Expenditure 2018-19	£31 million
Headcount 2018-19 (full-time equivalents)	318
Geographical remit	Great Britain

About

The Office of Rail and Road (ORR) is the independent safety and economic regulator for railways in Great Britain, and monitor of the strategic road network in England.

It agrees delivery targets for Network Rail and High Speed 1, deciding funding for these bodies based on a regulatory assessment of how much their outputs should cost if efficiently delivered. It also holds Highways England to account for its performance and efficiency targets.

ORR regulates access to the network for train operators, and also has competition and consumer powers, with responsibilities for protecting customers' interests and ensuring fair treatment. As monitor of Network Rail and Highways England, it is responsible for monitoring how effectively these companies manage their networks and the upkeep of their assets.

Care Quality Commission

Facts and figures	
Funding	88% funded by fees from providers, with funding from government
Governance	Non-departmental public body
Expenditure 2018-19	£239 million
Headcount 2018-19 (full-time equivalents)	3,040
Geographical remit	England

About

The Care Quality Commission (CQC) is the quality regulator of health and social care providers in England, including doctors, dentists, hospitals, clinics, care homes and community care services. Its overall aim is to ensure that the services it regulates provide people with safe, effective, compassionate, high-quality care.

To do this, CQC registers all care providers, monitors and inspects their services and reports on its findings, including publishing quality ratings. Where it finds particular failings, it takes action to address them. It also publishes views and analysis of major quality issues in health and social care.

CQC works formally and informally with a range of other organisations that manage or oversee health and social care, including central and local government, professional bodies, children's services and a number of other regulators and inspectorates.