National Audit Office

Departmental Overview 2020-21

Regulation

March 2022

This overview gives a brief summary of what regulation is for, how it is done and an update on key developments

We are the UK’s independent public spending watchdog

What this guide is about

This guide summarises the key information and insights that can be gained from our examinations of regulation.

The guide includes:

- a summary of what regulation is for;
- how much it costs;
- cross-sector developments; and
- key themes from recent National Audit Office (NAO) reports.

This report updates our previous overview, Regulation Overview 2019, published in March 2020.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value-for-money programme of work, and from publicly available sources, including the annual reports and accounts of the regulatory bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on regulation, as well as information about our other recent and upcoming reports, can be found on the NAO website.

About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2020, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £926 million.

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The objectives of regulation

What is regulated and why

Regulation is one of the primary ways in which government can achieve its aims. Regulation is characterised by a set of rules and expected behaviours that people and organisations should follow. It is distinct from direct government provision or commissioning of services because it relies heavily on using incentives to drive behaviour change in individuals and organisations outside government's direct oversight. Regulation is used for a variety of different purposes, such as to protect and benefit people, businesses and the environment, and to support economic growth. Without regulation, some service providers or markets can fail to meet the needs of citizens or public policy objectives. The Figure (right) gives examples of what is regulated and why.

The objectives of regulation determine who or what should be regulated and how this will provide the means for achieving the desired public policy outcomes. Good regulation can also support innovation, make workplaces safer or help to keep essential services affordable. But when regulation fails, it can have serious consequences for our finances or safety, the economy as a whole or the environment.

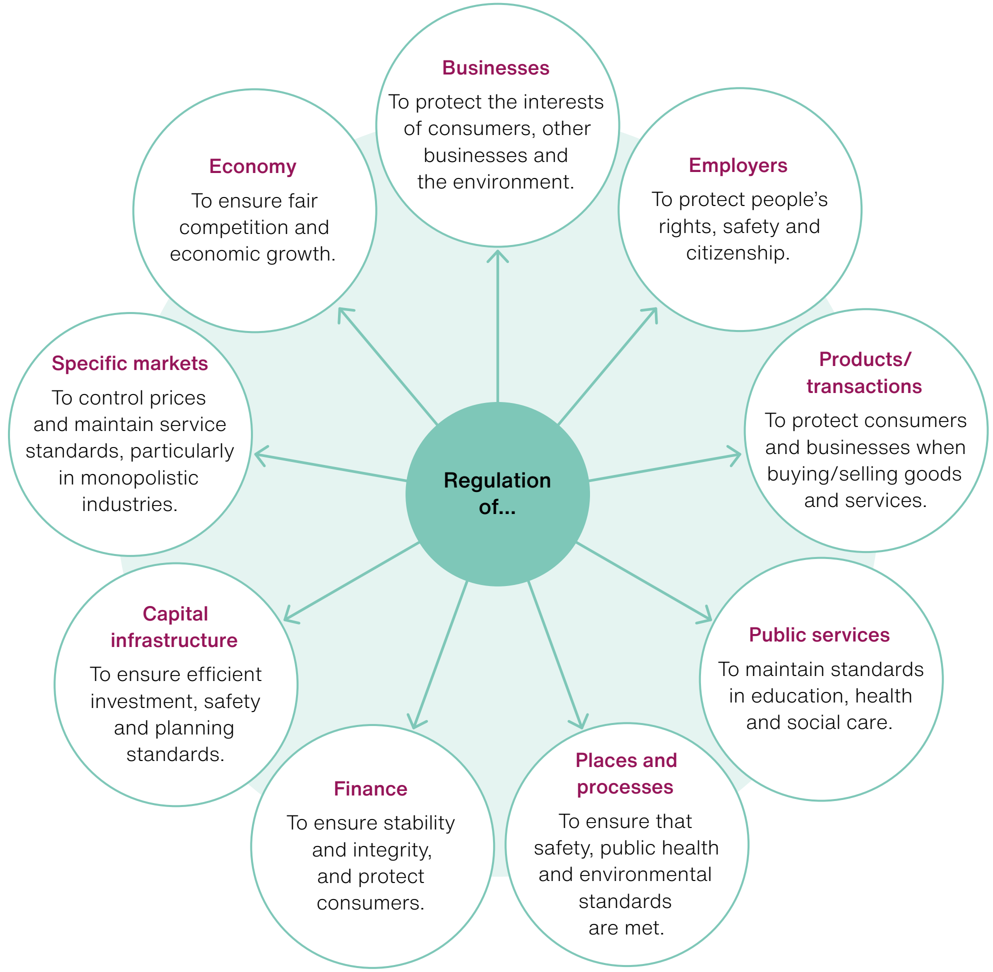
This overview

In 2021, we produced Good practice guidance: Principles of effective regulation; the report aims to provide a tool for policymakers and regulators that sets out broad principles of effective regulation.

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 our previous Regulation Overview in 2019; and
- short overviews of a few key regulators covered in our work since 2019.

Examples of what is regulated and why



Source: National Audit Office's Good practice guidance: Principles of effective regulation

Who regulates and how much it costs

Regulators

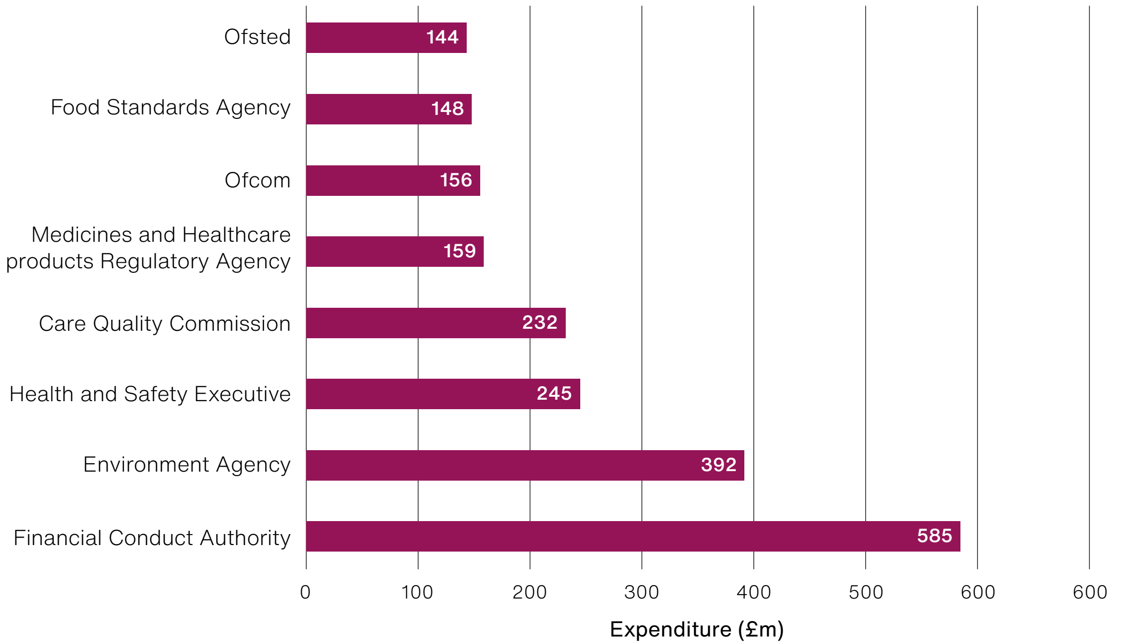
There are around 90 regulatory bodies in the UK, not including local authorities. They cover a wide range of areas from education, healthcare and charities to transport, communications, utilities and the environment. The Figure (right) gives an illustration of a range of the larger regulators and their expenditure. Regulators' specific roles and responsibilities are varied – ranging from protecting consumers to wider responsibilities around the environment and safety. The Financial Conduct Authority had expenditure of £585 million in 2020-21, while the smallest regulatory bodies spend around £100,000. Part Two of this Overview provides short overviews of 12 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, inspections, and taking enforcement action.

Wider costs and benefits of regulation

The regulators' own operating costs do not reflect the full costs of regulation. The bodies being regulated also incur costs in complying with regulation – for example, resources needed to check, monitor and record compliance.

When 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 costs and benefits of regulation can be both to wider society, such as environmental and safety standards, and to businesses themselves – for example, through increased consumer confidence. Not all the wider societal costs are easily quantified (such as public health impacts), as we covered in our 2020 report Gambling regulation: problem gambling and protecting vulnerable people.

Some of the larger UK regulators' expenditure 2020-21



Where audited 2020-21 figures were not yet available, figures from previous years were used.

The Environment Agency figure excludes the non-regulatory activities that it is also responsible for delivering, such as flood risk management.

The expenditure covers all regulatory activities as well as general running costs.

This figure provides an illustration of a range of the larger regulators and their expenditure.

Source: National Audit Office analysis

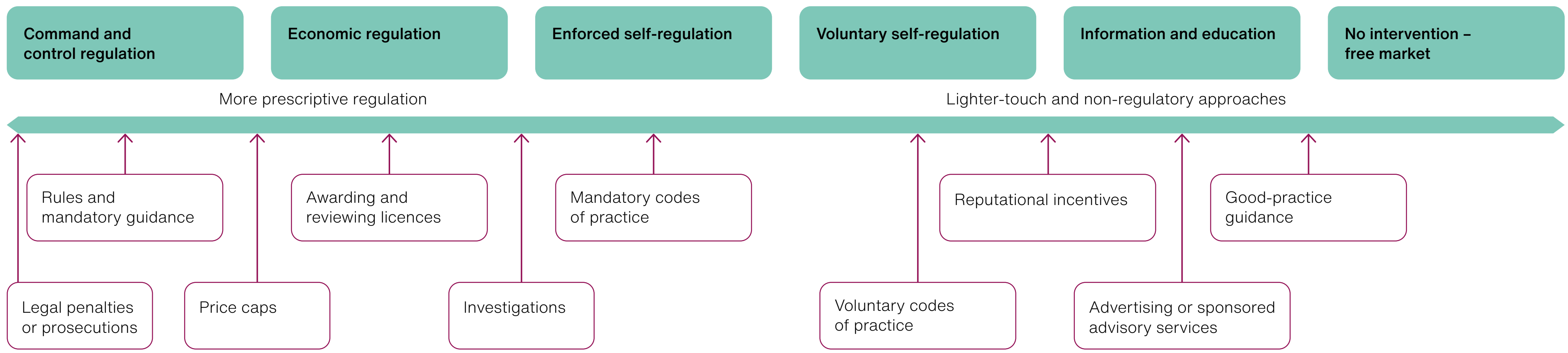
Different approaches, and alternatives, to regulation

Regulation is one way that government seeks to achieve its policy aims, but there may be alternatives to using regulation in a number of areas. Government guidance encourages policymakers to consider alternatives such as self-regulation or non-regulatory approaches, and indicates that regulation should be used only when it is the most cost-effective way to achieve desired outcomes. In 2014, we reported on using alternatives to regulation to achieve policy objectives, with the form of the regulation depending on the particular issues preventing government from achieving its aims. Approaches vary, and include strict and prescriptive rules and enforcement, principles-based approaches and lighter-touch incentives through guidance and codes of practice (see Figure below). Many areas of regulation will use more than one approach.

Things to look out for: Regulatory approaches in practice

- Most regulatory bodies have enforcement powers they can use against companies that fail to comply with rules or licence conditions – for example, ensuring that 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 suppliers can charge, either directly to consumers or to other businesses that service consumers.
- Some regulators, particularly those that regulate a large number of providers such as the Financial Conduct Authority and the Health and Safety Executive, 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 help them meet regulatory standards.
- An ombudsman service or an alternative dispute mechanism may also exist as a non-regulatory route to redress for consumers or businesses.

Examples of different approaches to regulation



Source: National Audit Office's Good practice guidance: Principles of effective regulation

How regulators are held to account

Regulatory independence

Public trust and legitimacy are integral to effective regulation in the eyes of regulated entities and the public. While not every area requires a regulator that is independent (of government and/or of regulated organisations), it is important to be transparent on the degree of independence a regulator has, as outlined in our Good practice guidance: Principles of effective regulation. Government plays an influential role in setting the legal and policy framework in which regulators set rules and intervene in markets – it sets the parameters of regulation through the Better Regulation Framework and, through the independent Regulatory Policy Committee, it holds policymakers to account. In most cases, government has a role in making appointments to regulators' boards and sometimes issues guidance to regulators signalling its priorities.

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 (see Figures right). 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 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

Our 2021 report Improving operational delivery in government: A good practice guide for senior leaders describes how organisations can only achieve joined-up working if the underlying ways of working, including regulatory regimes, support them to do so. There is a need to align objectives, funding, governance and accountability across all organisations contributing to a successful outcome.

Accountability arrangements vary between different types of regulator

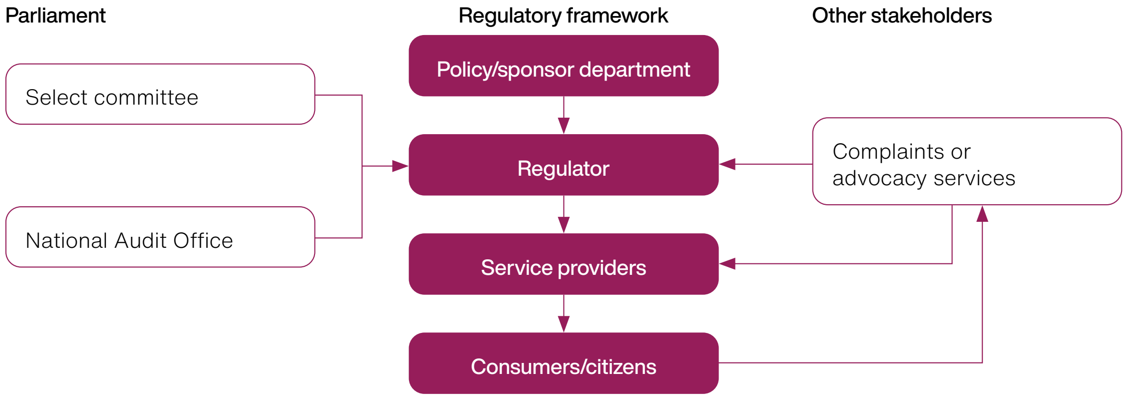
Administrative status	Distinct legal identity	Accountable to Parliament via minister	Directly accountable to Parliament	Board appointed by government
Executive agency (for example, Medicines and Healthcare products Regulatory Agency)	✗	✔	✗	✔
Non-ministerial department[1] (for example, Ofgem)	✔	✔	✔	✔
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 Regulation Overview 2019

Illustrative example of accountability arrangements



Source: National Audit Office Regulation Overview 2019

Part One

National Audit Office (NAO) audit of regulators and key cross-sector developments

Certification of regulators' financial statements

Opinions on accounts:

The Comptroller & Auditor General has certified 11 of the 12 major regulators' 2020-21 financial statements listed in Part Two of this overview. This means that, based on the results of our audits, his opinion is that, in all but one case (outlined in following paragraph), those certified accounts are a true and fair representation of regulators' financial performance in the year and position at the end of the year. The 2020-21 audit of the Care Quality Commission was in progress while this Regulation Overview was being drafted.

Managing public money

Although most regulators' accounts received clean opinions, the 2020-21 Environment Agency account was qualified and reported on when it was certified in November 2021. The issues giving rise to the qualification were, first not correctly applying the appropriate valuation basis for £2.8 billion of operational properties; and, second, errors and uncertainties identified within the quinquennial revaluation of property, plant and equipment.

COVID-19

The impact of COVID-19 has varied across the different regulators: some have seen little direct impact on their activities whereas others have experienced a reduction in regulatory charges and commercial income:

- The Medicines and Healthcare products Regulatory Agency has seen a reduction of £8 million in trading income following EU Exit and as the focus of activity transitioned to its COVID-19 response, which also led to a £6 million increase in temporary staff costs; and
- The Health and Safety Executive (HSE) has suffered a significant reduction in income from regulatory charging regimes and commercial activities due to repurposing resources to COVID-19 response work. HSE made a significant response to the pandemic at a cost of £13 million including establishing a Covid-19 Response Spot-checks Programme.

Provisions and adjustments

These are the areas where the most judgement is exercised in preparing regulators' accounts. They continue to feature frequently in regulators' accounts, for example, Ofgem's account includes a new £10 million provision for potential costs associated with the Competition and Markets Authority's hearing of appeals, following Ofgem's price control decisions in December 2020.

Key cross-sector developments

Regulation faces a number of challenges to keep pace with environmental, technological and social changes, such as commerce and social interaction increasingly being conducted online and accelerated further in response to the COVID-19 pandemic. Government is introducing many changes to the regulation of individual sectors aimed at responding to new or changing risks. In addition, there are a number of cross-sectoral reviews and proposals currently underway across the regulatory landscape.

Reforms and changes in hand

- Environment – Following royal assent of the Environment Bill in November 2021, the Office for Environmental Protection (OEP) – launched as an interim body in July – has been set up as an independent statutory body with the principal objective of contributing to environmental protection and the improvement of the natural environment.
- Online safety – In the government's December 2020 published response to its consultation on online harms, it confirmed that a new duty of care would be introduced and that Ofcom would be the new online harms regulator. The draft Online Safety Bill was published in May 2021.
- Subsidy control – In June 2021, the government published its subsidy control bill, which sets out a framework for the UK's post-EU subsidy control regime. The Competition and Markets Authority will be given a new responsibility for providing advice to public authorities and reporting at intervals on the effective operation of the regime.
- Building safety regulation – The government is reforming the regulation of building safety. It has asked the Health and Safety Executive to establish a new building safety regulator, which it plans to enact as part of its draft Building Safety Bill published in July 2020. It is a key component of the government's reforms of the building safety system following the Grenfell Tower tragedy. In addition, the Office for Product Safety and Standards (OPSS) has been given a new role as the national regulator for construction products.

Cross-sectoral reviews

- Consultation on reforming competition and consumer policy – The government published a consultation document in July 2021 setting out its proposals to further promote competition, update consumer rights and strengthen enforcement of consumer law.
- Competition in digital markets – In July 2021, the government published a consultation document on its proposals for a new pro-competition regime for digital markets. The government's aim is to drive greater dynamism in the UK's technology sector by tackling the market power of technology giants, empowering consumers and driving growth across the economy. The government also announced that a new Digital Markets Unit would be established within the Competition and Markets Authority, and this was launched in shadow form in April 2021.
- Regulatory Horizons Council – In the government's 2019 white paper *Regulation for the Fourth Industrial Revolution*, the Regulatory Horizons Council was established to identify the regulatory implications of technological innovation and advise the government on regulatory reform. The Council has published a number of reports including on regulating fusion energy, medical devices and genetic technologies.
- Reforming the framework for better regulation – In October 2021, a public consultation seeking views on the UK's approach to regulation closed. The consultation outlined five principles that would underpin the government's approach to regulation: a sovereign approach; leading from the front; proportionality; recognising what works; and setting high standards at home and globally. In January 2022, the government published *The benefits of Brexit*, its response to the consultation setting out how it aims to improve the framework for better regulation.
- National Artificial Intelligence (AI) Strategy – In September 2021, the government published its UK National AI Strategy, which announced its intention to build a pro-innovation regulatory environment as part of its 10-year vision for the development of AI. The aims of the strategy include to invest and plan for the long-term needs of the AI ecosystem; support the transition to an AI-enabled economy; and ensure that the UK gets the governance of AI technologies right.

Ensuring value for money

Coordination and collaboration between regulators

Our good practice guide, Principles of effective regulation, highlighted that a major cause of past regulatory failures is when several bodies making up a regulatory system fail to coordinate and work together. Regulators increasingly work with, or alongside, other regulatory bodies and our guide emphasises the need for:

- a good understanding of the wider regulatory landscape and the roles and responsibilities of other bodies with which the regulator needs to work and align to achieve regulatory and public policy objectives;
- mechanisms to coordinate and collaborate with other bodies where they share common objectives and desired regulatory outcomes; and
- a sensible approach to learning from (and, when appropriate, influencing) developments in other bodies both domestically and overseas, such as participating in international regulatory working groups.

Coordination on product safety

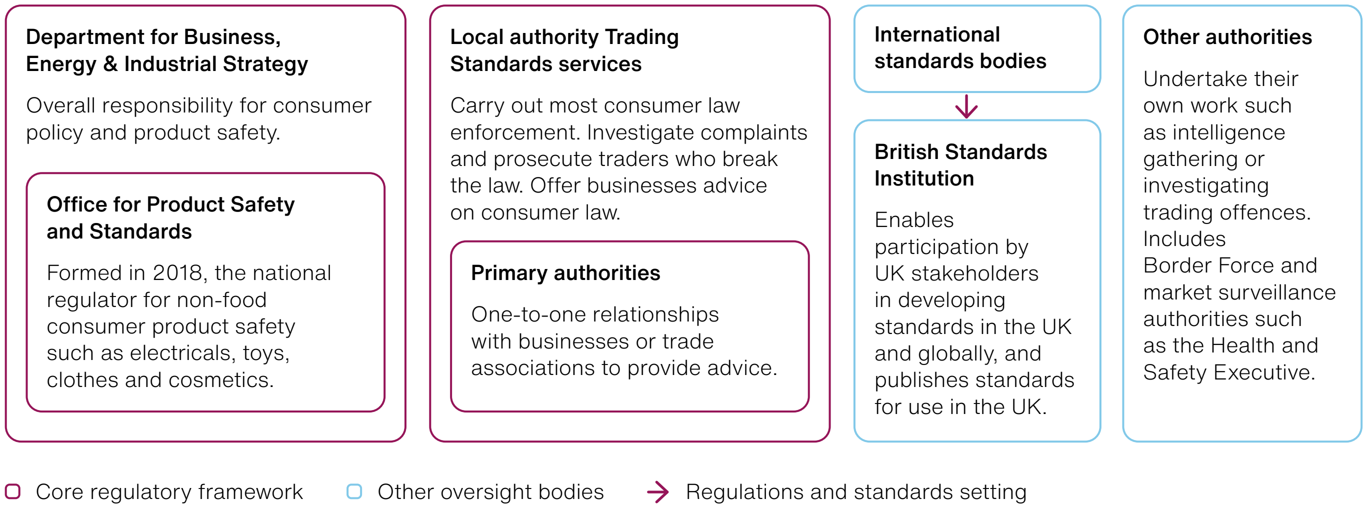
One of the main themes in our report on the OPSS, Protecting consumers from unsafe products, was that, while the OPSS and local regulators aim to work together in a coordinated way, local and national regulation is not well coordinated despite improvements, and the OPSS does not yet have adequate data and intelligence. The report recommended that the OPSS should work with relevant parts of government to articulate an ideal target operating model that addresses specific challenges the regime faces, including the respective roles of national and local regulators and the sustainability of these services. The Figure below outlines the landscape of regulatory bodies involved in the UK's product safety regime.

Electricity networks

Our report, Electricity networks, found that, while decentralisation and competition have given consumers the benefit of more choice and lower prices, they have also resulted in a complex energy system with many actors. Electricity networks now have a crucial role to play in helping to reach net zero emissions. The report concluded that the Department for Business, Energy and Industrial Strategy will need to ensure that the energy market is governed in a way that provides enough strategic coordination among its many actors (including the regulator, Ofgem and network companies).

The UK's consumer product safety regime since 2018

The Office for Product Safety and Standards (OPSS) works alongside others to regulate and enforce product safety



Source: National Audit Office Protecting consumers from unsafe products

Ensuring value for money continued

Innovation and incentives

Our good practice guide, Principles of effective regulation, highlighted that a proactive, forward-looking approach to identifying potential issues or new developments helps in responding proportionately to issues that may scale rapidly.

We have found from our work that regulatory approaches can benefit from being informed by proactive engagement with business innovators and other stakeholders to explore potential new ideas and innovations in a way that does not hinder regulatory objectives or create undue risk.

In addition, our guide also points out the need for regulators to analyse, monitor and engage with regulated entities to understand the varied incentives to operate in accordance with policy aims, and to identify how incentives are having an impact on behaviours in practice and any gaps or weaknesses.

Incentivising innovation and improvements

Our report on Gambling regulation found that the Gambling Commission was not doing as much as it could to incentivise operators to raise standards and make gambling safer by, for example, exploring common approaches that regulators use in other sectors, such as financial or reputational incentives. In addition, the report found that, while the Commission had good awareness of changes in the industry, it had not assessed the impact or potential harms of many of these developments for consumers. The Commission also recognised that it needed to increase its expertise in digital technologies to better understand changes in the market and therefore to be able to respond quickly.

Our report on Electricity networks examined Ofgem's approach to incentivising network companies to innovate to achieve reductions in CO_2 emissions. Ofgem's network price controls usually run for five years but it had set its latest price controls (RIIO-2) to last for eight years. It had expected longer price controls to encourage increased innovation and more long-term thinking from network companies. However, it concluded that there was no evidence that its longer network price controls increased innovation or drove longer-term thinking from network companies.

Our 2020 report on Water supply and demand management looked at the effectiveness of incentives on water companies to consider the full range of options for sharing water resources with other companies, including bulk transfers. At the time of this report, these still only made up 4% of the total water supply. Ofwat had introduced financial incentives for transfers in the 2014 price review but reported disappointing progress to the Environment, Food & Rural Affairs Select Committee in 2018. In July 2019, the regulators set up a joint initiative to seek to remove regulatory barriers to infrastructure investment, and established a fund of up to £469 million to allow companies to work together to investigate and develop strategic water resource solutions that would be ready for construction by 2025.

Ensuring value for money continued

Holding government to account for oversight of devolved service delivery

Our good practice guide, Principles of effective regulation, highlighted that robust accountability arrangements provide a common understanding of the respective roles and responsibilities of government departments, regulators and other bodies in the wider regulatory system, and set out how they will be held accountable for their efficiency and effectiveness. Clear and effective accountability arrangements help to minimise the risk of problems being missed, identify who is responsible if something goes wrong, and enable corrective action and, where necessary, redress.

Public bodies are also held to account for their performance by their boards, Parliament, other stakeholders and the general public.

For these arrangements to be effective, there needs to be:

- clarity on the allocation of roles and responsibilities between the responsible department(s), regulator(s) and other stakeholders, and clear lines of accountability from regulators to Parliament and/or their sponsor departments;
- consideration of how accountability to Parliament interacts with local regulators that are accountable locally; and
- a mechanism for regulators and other public bodies to be challenged or held accountable for their work and, where relevant, the wider impact of their actions.

Central oversight of public bodies and delivery of local services

Our work has often found a lack of clarity and effective oversight of local delivery of services by government. Our report on Improving local bus services in England outside London highlighted the need for a detailed, transparent delivery plan with clear objectives, responsibilities and accountabilities for the Department for Transport (the Department) and others setting out what it expects local authorities and operators to do.

Similarly, in our report on The adult social care market in England, we found that, in a vast and diverse social care market, the current accountability and oversight arrangements do not work. The Department currently lacks visibility of the effectiveness of care commissioned and significant data gaps remain, although it has recently taken steps to address data gaps with local government and care providers, and to strengthen system accountability and assurance. However, there remain challenges in comprehensively assessing the outcomes achieved across the system and whether these are value for money.

The need for a more consistent approach to managing and measuring performance of public bodies was highlighted in our report on Central oversight of arm's length bodies (ALBs), which found that differences in departments' approaches make it harder to determine where oversight is effective and they acted as a barrier to further improvement.

Aligning accountability

Our 2021 report, Improving operational delivery in government guidance, described how organisations can only achieve joined-up working if the underlying ways of working, including regulatory regimes, support them to do so. There is a need to align objectives, funding, governance and accountability across all organisations contributing to a successful outcome. In around two-thirds of the organisations we assessed, there was a lack of clarity on how accountability aligns across end-to-end delivery.

Part Two

Overview of key regulators

Ofwat

Facts and figures	
Funding	99+% funding from licence fees from industry, less than 1% government funding
Governance	Non-ministerial department
Expenditure 2020-21	£29.4 million
Headcount 2020-21 (full-time equivalents)	253
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, because 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 water only and wastewater companies, which operate as regional monopolies in respect of the wholesale services they supply to customers.

COVID-19 response: Ofwat's response to the pandemic included writing to each water and wastewater company in July 2020 to reiterate that its regulation would not act as a barrier to prioritising the needs of customers, particularly those in vulnerable circumstances or struggling to pay bills as a result of COVID-19.

Ofgem

Facts and figures	
Funding	100% funded through industry licensing and contracts, with funding from government for delivery of non-regulatory policy work for government
Governance	Non-ministerial department
Expenditure 2020-21	£121 million
Headcount 2020-21 (full-time equivalents)	1,187
Geographical remit	Great Britain

About

The Office of Gas and Electricity Markets (Ofgem) regulates the 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. It works with several bodies to achieve its statutory duties. It operates within a framework of domestic legislation and interacts frequently with devolved administrations.

Ofgem's statutory duties have been updated over the years, including to strengthen its emphasis on sustainability and to clarify that its principal objective is to protect the interests of existing and future consumers.

COVID-19 response: Ofgem's response to the pandemic included working with government and industry to help struggling prepayment customers stay on supply, especially those in financial distress or self-isolating. It also worked with industry and code bodies to ensure that urgent code decisions were prioritised to protect consumers.

Ofcom

Facts and figures	
Funding	Regulatory work 100% from industry licences and contracts Mobile spectrum clearance funded from government
Governance	Statutory corporation
Expenditure 2020-21	£156 million (of which £22 million for spectrum clearance)
Headcount 2020-21 (full-time equivalents)	992
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. Under the Telecommunications Security Act 2021, Ofcom has a new duty to make sure telecoms providers comply with their security duties to help ensure the UK's telecoms networks are safe and secure.

COVID-19 response: Ofcom's response to the pandemic included working with the Department for Culture, Media and Sport to secure commitments from providers to offer additional support and protection to financially disadvantaged customers. It also prioritised its broadcasting enforcement in harmful areas including misinformation about COVID-19.

Food Standards Agency

Facts and figures	
Funding	78% financed by government; income from industry customers 22%
Governance	Non-ministerial department
Expenditure 2020-21	£148 million
Headcount 2020-21 (full-time equivalents)	1,738
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, and works with international food regulatory bodies.

COVID-19 response: The FSA's response to the pandemic included publishing guidance both for food businesses looking to operate during the pandemic and for those starting up after restrictions were lifted. Guidance was provided to help employers, employees and the self-employed understand how to work safely in sectors such as farming and agriculture, restaurants and takeaways.

Financial Conduct Authority

Facts and figures	
Funding	100% funded from industry fees
Governance	Company limited by guarantee
Expenditure 2020-21	£585 million
Headcount 2020-21 (full-time equivalents)	4,087
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 is the conduct regulator for around 51,000 financial services firms and financial markets in the UK, and it is the prudential supervisor for around 49,000 firms, setting specific standards for around 18,000 firms.

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 it has regulated consumer credit since 2014. The Prudential Regulation Authority covers larger financial services firms.

COVID-19 response: The FCA's response to the pandemic included bringing in payment deferrals, restricting repossessions of homes, goods and vehicles, and ensuring that essential services for consumers remained available. It also issued new guidance to regulated firms during the pandemic including on how to treat customers facing financial difficulties as a result of the pandemic.

Gambling Commission

Facts and figures	
Funding	100% funding from licence fees for regulation of commercial gambling (excl. National Lottery); 100% funding by government for National Lottery functions split by regulation of 3rd National Lottery licence and running the competition to award the 4th National Lottery Licence
Governance	Non-departmental public body
Expenditure 2020-21	£38 million (54% gambling regulation, 39% National Lottery Licence Competition, 7% National Lottery regulation)
Headcount 2020-21 (full-time equivalents)	338
Geographical remit	National Lottery regulation covers UK; all other commercial gambling regulation covers Great Britain

About

The Gambling Commission (GC) regulates commercial gambling in Great Britain. All gambling operators must have a licence and the GC has powers to set licence conditions and codes of practice, and to monitor and enforce compliance with these. It is guided by statutory objectives to protect children and other vulnerable people from being harmed or exploited by gambling, to prevent gambling from being a source of crime, and to ensure that gambling is conducted fairly and openly. It has a duty to advise government on gambling regulation. It has separate statutory duties relating to the award of the licence to run the National Lottery and regulation of the National Lottery.

COVID-19 response: The GC's response to the pandemic included introducing precautionary player protection measures as part of its guidance to operators to limit the risk of consumers who showed signs of being at risk of harm migrating to higher-intensity products and playing for longer. It also collected and published monthly data from gambling businesses and consumers throughout the pandemic to show how COVID-19 measures and the varying levels of restrictions were having an impact on gambling behaviour.

Competition and Markets Authority

Facts and figures	
Funding	100% funding from government
Governance	Non-ministerial department
Expenditure 2020-21	£107 million
Headcount 2020-21 (full-time equivalents)	869
Geographical remit	UK

About

The Competition and Markets Authority (CMA) is the UK's primary competition authority and, since the UK's departure from the European Union (EU), it makes its own competition decisions without referral to the EU. Its aim is to make markets work well for consumers, businesses and the economy. It has responsibility for carrying out investigations into mergers and acquisitions, it monitors markets, and it has powers to enforce consumer and competition law. It also fulfils a role in considering regulatory appeals regarding price control decisions.

The Subsidy Control Bill gives the CMA a new responsibility for providing advice to public authorities when granting subsidies and for issuing reports to government on the workings of the subsidy control regime. In addition, the UK Internal Market Act 2020 created an Office for the Internal Market within the CMA to carry out independent advisory, monitoring and reporting functions to support the development and effective operation of the UK internal market.

COVID-19 response: The CMA established a taskforce to identify, monitor and respond to competition and consumer problems arising from the pandemic and the measures taken to contain it. Based on the intelligence it received, it prioritised issues with cancellations and refunds, focusing on major sectors for consumer protection investigations including weddings and events, package holidays and airlines. The CMA secured formal commitments from five major package travel companies and two major holiday let companies to refund consumers over £245 million. It also published guidance for businesses on multiple issues, helping them to navigate the effects of the pandemic while making clear that the CMA would not tolerate unscrupulous businesses exploiting the crisis as a 'cover' for non-essential collusion.

Health and Safety Executive

Facts and figures	
Funding	31% funded through industry contracts, with funding from government
Governance	Non-departmental public body
Expenditure 2020-21	£245m
Headcount 2020-21 (full-time equivalents)	2,483
Geographical remit	Great Britain

About

The Health and Safety Executive (HSE) is Britain's national regulator for workplace health and safety. It prevents work-related death, injury and ill health through regulatory actions that range from influencing behaviours across whole-industry sectors through to targeted interventions on individual businesses.

The HSE operates an established health and safety at work framework, and it uses a goal-setting approach to regulation with a focus on encouraging businesses to understand and apply risk control. Under the Building Safety Bill 2020, the HSE is leading the work to design, develop and deliver the Building Safety Regulator functions on behalf of government, and it has also assumed responsibility as the UK's chemicals regulator.

COVID-19 response: The HSE's response to the pandemic included providing guidance to employers on keeping workplaces safe during lockdown and as COVID-19 restrictions were removed, producing a brief guide for workers to help prevent COVID-19 spreading at work and ensuring that personal protective equipment supplied to market met appropriate standards.

Office of Rail and Road

Facts and figures	
Funding	99+% funding from license fees from industry, less than 1% government funding
Governance	Non-ministerial department
Expenditure 2020-21	£32 million
Headcount 2020-21 (full-time equivalents)	325
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 National Highways to account for its performance and efficiency targets. The ORR regulates access to the network for train operators, and it also has competition and consumer powers with responsibilities for protecting customers' interests and ensuring fair treatment. As monitor of Network Rail and National Highways, it is responsible for monitoring how effectively these companies manage their networks and the upkeep of their assets.

COVID-19 response: The ORR's response to the pandemic included publishing a suite of COVID-19-related guidance to help the industry to operate safely, as well as advice for passengers on travelling safely. It also worked with operators to ensure that their websites provided clear information regarding travel advice for passengers and timetable adjustments as lockdown restrictions changed, and it stepped in when rules around ticket refunds were not being followed. It also supported Border Force by taking on new enforcement powers over international operators to ensure that they complied with COVID-19 health protection measures.

Care Quality Commission

Facts and figures	
Funding	89% funded by fees from providers; with funding from government
Governance	Non-departmental public body
Expenditure 2019-20	£232 million (latest accounts available)
Headcount 2019-20 (full-time equivalents)	3,124 (latest accounts available)
Geographical remit	England

About

The Care Quality Commission (CQC) is the quality regulator of health and social care providers in England including, for example, general practice, 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 and high-quality care. To do this, it 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. It 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.

COVID-19 response: The CQC's response to the pandemic included pausing its routine inspection programmes and diverting its resources in a supportive and responsive way for providers, while continuing to carry out focused responsive inspections where there had been clear risks to the public. It also redeployed some of its staff to the front line of care services and supported the national calls for volunteers.

Medicines and Healthcare products Regulatory Agency

Medicines & Healthcare products Regulatory Agency

Facts and figures	
Funding	70% funded by industry customers, with funding from government
Governance	Executive agency
Expenditure 2020-21	£159 million
Headcount 2020-21 (full-time equivalents)	1,388
Geographical remit	UK

About

The Medicines and Healthcare products Regulatory Agency (MHRA) regulates medicines, medical devices and blood components for transfusion in the UK. Its responsibilities include ensuring that medicines, medical devices and blood components for transfusion meet applicable standards of safety, quality and efficacy; ensuring that the supply chain for these is safe and secure; and helping to educate the public and healthcare professionals about the risks and benefits of medicines, medical devices and blood components. It is also responsible for promoting international standardisation and harmonisation to assure the effectiveness and safety of biological medicines, and for supporting innovation, research and development that is beneficial to public health.

COVID-19 response: The MHRA played a key role in the UK's response to the pandemic from changes in regulatory requirements for medical devices to flexibility around protocols for clinical trials. It prioritised regulatory oversight of clinical trials for COVID-19 vaccines to proceed at pace, without compromising any of the usual, high standards of scientific rigour. The MHRA became the first regulator in the Western world to approve a COVID-19 vaccine for use.

Environment Agency

Environment Agency

Facts and figures	
Funding	68% funding from government, with rest from fees and charges on industry
Governance	Non-ministerial department
Expenditure 2020-21	£392 million
Headcount 2020-21 (full-time equivalents)	10,695 (around half the staff work in regulation with the remainder working in coastal and flood management functions)
Geographical remit	England and Wales

About

The Environment Agency (EA) was established in 1996 to protect and improve the environment.

Within England, the EA's responsibilities include regulating major industry and waste; the treatment of contaminated land; water quality and resources; fisheries, inland river, estuary and harbour navigations; and conservation and ecology. The EA is also responsible for managing the risk of flooding from main rivers, reservoirs, estuaries and the sea, and for taking a strategic overview of the management of all sources of flooding and coastal erosion.

COVID-19 response: In view of the ongoing challenges businesses were facing during the pandemic, the EA responded to requests from businesses it regulates for longer to pay their invoices and it agreed to such requests, where appropriate. It also published some time-limited COVID-19 regulatory position statements in relation to certain regulatory requirements to help minimise risks to the environment and human health where compliance with certain regulatory requirements may not be possible due to COVID-19.