INSTITUTE FOR GOVERNMENT

Parliament and regulators

How select committees can better hold regulators to account

Dr Matthew Gill | Maddy Bishop | Callum Parris

About this report

Parliament plays a crucial role in holding regulators to account, but MPs and peers struggle to scrutinise them in a systematic way. This report sets out how select committees can perform this important task more effectively, underpinned by a realistic assessment of parliament's capacity, the support parliamentarians need and the tasks that only parliament can perform.

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Summary

The UK's broad array of regulators – from the Competitions and Markets Authority (CMA) to Ofsted – set and enforce rules that shape all of our lives. Some of these regulators have taken on new and expanded powers as responsibilities have returned from Brussels after Brexit. At the same time, there have been a series of high-profile regulatory failures that have brought anxieties about their performance – and their democratic legitimacy – into sharper relief. Amid a perceived distrust of experts among the public, many MPs and peers feel a heightened responsibility to hold regulators to account. Some have expressed an ambition for parliament to do more.[1,2,3]

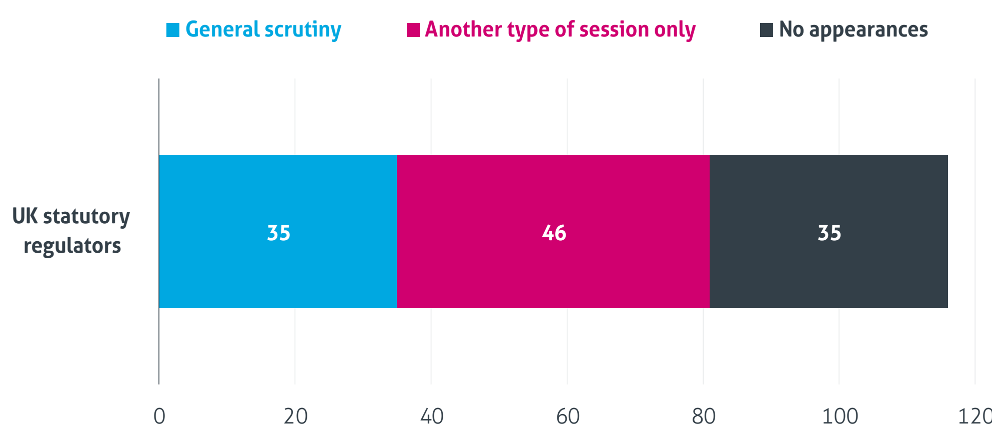
There is reason to question whether current arrangements for parliamentary scrutiny are adequate. Regulators tend not to be called in front of parliament until a problem hits the front pages. Most sessions that parliamentary committees hold with regulators examine their performance through the lens of a specific, often topical issue – as when Ofqual was called to discuss school exam results with the Commons Education Committee in October 2022.[4]

Since December 2019, less than a third of regulators (35 out of the 116 we identify) have attended a dedicated, routine select committee hearing scrutinising their work as a whole. This means a clear majority of regulators are almost never examined in a meaningful way by parliamentarians on fundamental issues like whether they have the right statutory objectives, how they balance these, their performance across the breadth of their responsibilities, or their plans to mitigate future risks.

Parliament has an important role to play in holding regulators to account when things go wrong and it can positively influence their responses to crises. It was certainly influential during the 2021–22 retail energy market crisis, catalysing Ofgem's response to a spike in forced installation of prepayment meters by energy companies[5] and prompting it to revisit the ring-fencing of consumer credit balances, for example.[6] But reactive committee hearings will not always lead to the most effective accountability.[7] A more proactive, strategic and consistent approach might yield more information from regulators, and better outcomes for the public.

Our research also shows that another 35 regulators – again nearly a third – have not been called in front of parliament in *any* capacity since before the 2019 general election. Many of these are smaller bodies, but it is concerning that they have not been seen at all. They include, for example, Social Work England, which is neither small nor uncontroversial, and the Professional Standards Authority for Health and Social Care (PSA).

Figure 1 **Regulators called for general scrutiny, another type of session only, or in no capacity by select committees, December 2019 to March 2024**



Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Analysis includes only committees listed in Box 1. See Methodology and Annex for further detail.

Some regulators slip through the cracks because select committees do not know which ones they are responsible for scrutinising or understand the division of responsibility for regulatory oversight between parliament, government and other institutions. But routine scrutiny of some regulators is simply not a priority for many committees. While regulators in some sectors – such as financial services and utilities – receive considerable parliamentary attention, scrutiny of others, particularly some safety regulators, is not commensurate with the serious risks they oversee and the impact of their activities on the public. The Financial Conduct Authority (FCA) has given oral evidence 36 times and Ofgem 24 times during this parliament, but the Food Standards Agency (FSA) has appeared only three times and the Office for Nuclear Regulation (ONR) just twice.

It is important to be realistic. Parliament's primary function is politics, not audit. While select committees can do an excellent job of identifying problems and overall policy solutions, there is a limit to how systematic and granular their oversight can be. Select committee time is a precious resource and – despite clear concerns from some MPs and peers – we have found little appetite among most parliamentarians to dedicate more attention to routine regulatory scrutiny.

Parliamentarians can – and should – rely on others to undertake many aspects of day-to-day regulatory oversight. But only parliament can set regulators' statutory objectives and powers, assess their relationships with government and parliament, and determine whether they serve the public interest as befits a democracy. Parliamentarians should refocus their efforts on these essential tasks that only they can carry out with legitimacy.

Recommendations in brief

We make a series of interconnected recommendations that, taken together, would clarify where accountability sits, help parliament to focus its efforts where they are most needed while ensuring others do the rest, and support parliament to conduct its work more effectively. Our key recommendations are as follows:

- The government should compile – and maintain – a **public list of statutory regulators**, summarising their functions and powers and the respective roles of parliament, ministers, departments and other organisations in overseeing each body.
- The House of Commons Liaison Committee should reintroduce a **specific core task to examine the work of regulators** for departmental select committees.
- The relevant Commons select committee should hold a **general scrutiny session with each regulator at least once per parliament** to review its remit, statutory objectives and powers, relationships with central government and parliament, and whether it is upholding the public interest. If it does not, the committee should explain why.

- **The House of Lords Industry and Regulators Committee should invite members of the relevant Commons select committee to participate** in public evidence sessions and private deliberations when they hear from, or inquire into, specific regulators.

- A bicameral **Regulatory Oversight Support Unit (ROSU)** should be established in parliament to provide expert resource for both Commons and Lords committees. The unit would be made up of parliamentary staff and secondees. It would provide advice, training and practical support to enable parliamentary committees to scrutinise regulators more effectively.

- In preference to a new oversight body, **the National Audit Office (NAO) should meet parliament's expectations of greater regulatory oversight** to the extent that its constitution allows. It should also work with parliamentarians to determine what reform of its remit, objectives, powers and resources would be required to meet their expectations fully.

Introduction

The role of regulators

Regulators are bodies that set standards for, monitor or enforce against other organisations or individuals, for instance through licensing, accreditation, inspection, or imposing fines or other penalties.[1,2]

Regulation enables government to achieve its desired outcomes indirectly, by ensuring that a wide range of actors comply with agreed standards – including parts of government itself. This might include ensuring that businesses compete fairly with each other and protect consumers (the CMA), defending employee and human rights (the Equality and Human Rights Commission), enforcing safety and environmental standards (the Health and Safety Executive), or assuring the quality of public services such as education and care (Ofsted and the Care Quality Commission).

Some regulations are set out in statute,[*] but the power to set rules – as well as to enforce them – is often delegated to expert bodies. This is sensible: it would be impractical for departments to draft, parliament to scrutinise and courts to enforce each of the thousands of regulatory requirements relating to financial services or civil aviation, for example. Even when regulators are not involved in setting the framework they implement, there may be judgment involved in applying complex regulations to specific cases. Regulators are often (although not always) set up as independent bodies to ensure such decisions are made on the basis of evidence, rather than for political reasons, and in a consistent manner over time.

Some industries self-regulate through bodies that have no legal authority. For example, the Complementary and Natural Healthcare Council, a private company set up with government funding, operates a voluntary register for practitioners of aromatherapy, hypnotherapy and other complementary health care practices.[3] This report focuses on 'statutory' regulators accountable to the UK parliament, with duties and powers delegated in primary or secondary legislation.

* When referring to 'regulation' we include law that is implemented by a regulator, as well as rules and guidance created by a regulator.

Why regulatory oversight is needed

Regulatory failure can cause serious problems for the public. The collapse of 29 energy companies in June 2021 was partly caused by Ofgem acting too slowly to tighten financial resilience requirements for new entrants to the sector when problems were first identified in 2018: the cost to customers has been placed at £2.7 billion.[4] The discharge of raw sewage into rivers and the sea has also become politically salient in recent years, leading the Industry and Regulators Committee to recommend better funding for the Environment Agency's inspection and enforcement work as well as powers for Ofwat to hold company directors personally accountable for serious incidents.[5]

In the absence of competitive pressures that in the private sector might spur innovation or force a failing organisation to close, oversight acts as a discipline on the performance of regulators. Scrutiny can establish whether they are carrying out their duties adequately, whether they are managing public money appropriately if they receive it, and whether their objectives, powers and resources match the outcomes they are expected to achieve. Parliament must be a champion as well as a critic of independent regulators, challenging government where it has not set them up to succeed.

Oversight by MPs and ministers also has a special role in ensuring that unelected officials are exercising their delegated powers in a way that is acceptable to elected politicians – and, ultimately, to the public.

How leaving the EU has affected oversight of UK regulators

While the UK was a member of the EU, its domestic regulators operated within a wider European regulatory framework. Many rules and standards were set across the single market. Since Brexit, some UK regulators have taken on new or expanded responsibilities previously carried out by EU institutions – and in some cases, significant new powers.

The regulatory framework for financial services, established through EU legislation and then fleshed out in guidance produced by European supervisory authorities, was transferred into UK statute and is now being either repealed, replaced in law, or moved into the rulebooks of UK regulators. This means that the FCA and the Bank of England will be empowered to change some rules created at the EU level without requiring parliament to amend or pass further laws.

In other sectors, the CMA has taken on an expanded role in competition enforcement, the FSA has taken on a new responsibility for the market authorisation of certain food and feed products, and the Health and Safety Executive (HSE) now manages a chemicals regulation regime.[6] Some new regulatory bodies have also been established, including the Office for Environmental Protection and the Trade Remedies Authority, to carry out functions previously performed at EU level.[7]

When competence for these areas of regulation was held by the EU, the responsible agencies were subject to extensive scrutiny at European level. EU regulatory bodies are themselves supervised by the European parliament, including through powerful and well-resourced parliamentary committees, which are staffed by secretariats of up to 30 people as well as specialist advisers providing support to individual MEPs.[8]

Some MPs and peers are concerned that increased powers and responsibilities for domestic regulators have not been matched by appropriate democratic oversight in this country, and that UK parliamentary select committees do not have the structures, processes and expertise in place to oversee regulators effectively.[9,10,11] Only so much regulatory oversight is practical or desirable, but this report will show that parliamentary scrutiny does often fall short. Reform is needed, which will not only ensure that regulators are properly held to account but also assure parliamentarians that this is the case.

Regulatory oversight in theory

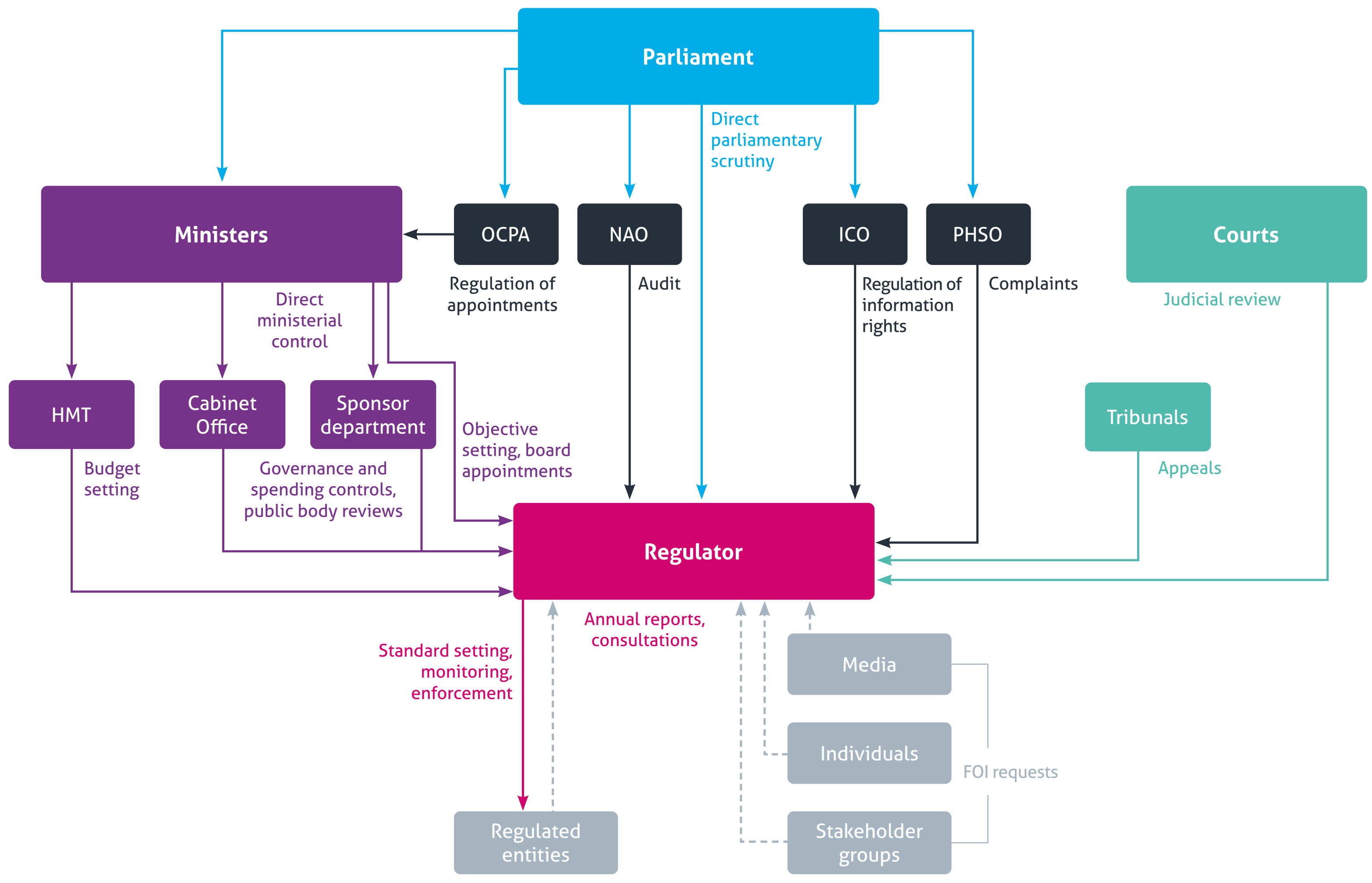
Parliament sits at the apex of the regulatory oversight system. It confers duties on, and delegates powers to, regulators through legislation. Regulators are ultimately accountable to parliament for discharging their statutory duties, although most are directly accountable to ministers as well.

A range of bodies empowered by parliament and ministers play a role in scrutinising regulators. Regulators' actions are also subject to independent review by the courts, which control the legal application of their powers and can override a regulatory decision that contravenes the law.

Regulators are further scrutinised by organisations and individuals outside the political and legal system, including those who are regulated, consumers and service users, the media and civil society. While regulators are not formally accountable to these groups, criticisms they make can attract the attention of those institutions that do hold regulators to account, including parliament.

Figure 2, overleaf, summarises this complex system of oversight. The rest of the section explains what the key actors do.

Figure 2 **Key bodies involved in regulatory oversight**



Oversight bodies accountable to parliament

- **The Office of the Commissioner for Public Appointments (OCPA).** The commissioner regulates ministerial appointments to the boards of public bodies, including regulators. They audit public appointment processes against standards set out in the government's Governance Code, and can investigate complaints.[1] The commissioner is officially appointed by the monarch,[2] but in practice reports to the House of Commons Public Administration and Constitutional Affairs Committee (PACAC).[3]

- **The National Audit Office (NAO).** Like government departments and other public bodies, the vast majority of regulators that receive public money are subject to audit by the comptroller and auditor general (C&AG), who leads the NAO. The C&AG is also appointed by the monarch. They carry out financial and value for money audits, reporting to the House of Commons Public Accounts Committee (PAC) on their findings.[4]

- **The Information Commissioner's Office (ICO).** The ICO regulates information rights. Public authorities must publish certain information about their activities[5] and members of the public can request any information they hold, subject to certain rules.[6] If a public body handles a Freedom of Information (FOI) request incorrectly, the ICO can order it to disclose some or all of the information requested.[7] The ICO is sponsored by the Department for Science, Innovation and Technology and the commissioner is directly accountable to parliament.[8]

- **The Parliamentary and Health Service Ombudsman (PHSO).** Regulators must establish procedures to handle complaints and publicise these.[9] Individuals unhappy with how a regulator has handled their complaint can ask their MP to involve the PHSO. The ombudsman can then investigate whether the body has acted improperly or unfairly or provided poor service,[10] and can recommend certain remedies.[11] The PHSO is accountable to parliament via PACAC.[12]

Departments

In most cases, regulators are 'sponsored' by a government department and are accountable to its secretary of state, who is in turn accountable for the regulator's work to parliament. This means ministers have a duty to explain and provide information about the regulator's actions, as well as to take remedial action or apologise for failures.[13] The sponsoring minister may also be responsible for laying the regulator's annual report and accounts before parliament and responding to relevant parliamentary questions. They will appoint the regulator's chair and some other senior figures, particularly non-executive board members, and may – to the extent permitted by statute – set its objectives and determine its funding.[14]

Day to day, a 'sponsorship team' of civil servants handles relationships between the sponsoring department and the regulator. At a minimum this team will support ministerial appointments to the board, facilitate strategic engagement between the regulator's leadership, ministers and senior officials, and handle communication around shared priorities and relevant legislation. In some cases, sponsorship teams take a more supervisory role, setting and reviewing performance objectives on behalf of the minister. Only a handful of constitutional regulators, such as the Electoral Commission and the Independent Parliamentary Standards Authority (IPSA), are sponsored by parliament itself and therefore directly and solely accountable to it.

The overall performance and governance arrangements of departmentally sponsored public bodies are reviewed every few years by departments, and in some cases by independent reviewers, in line with Cabinet Office guidance.[15] These reviews can result in the government deciding to merge or abolish regulators, although doing this will usually require legislation.

Departments generally set budgets for the regulators they sponsor from within the departmental estimates approved by parliament each year.[16] Regulators that are non-ministerial departments, such as Ofgem, have their own estimates and negotiate budgets directly with the Treasury. Funding may be passed to regulators as 'grant-in-aid' funding, which can be spent on anything within the body's remit, or as a grant for a specific purpose. Many regulators do not rely entirely on Treasury funding but partly or fully fund their work through licence fees or charges. For example, the Office of Rail and Road's regulation of rail is funded by levies on the industry, while its highways function is funded by the Department for Transport.[17]

In most cases the chief executive of the regulator acts as its accounting officer, and so is accountable to the permanent secretary of the sponsoring department, and ultimately to parliament, for key decisions and for their financial stewardship of the organisation. The permanent secretary acts as principal accounting officer, with overall accountability for the body's finances, reporting to parliament. In some regulators (normally those which are non-ministerial departments) the chief executive is the principal accounting officer.

Some regulators that are not sponsored by government departments are accountable to parliament via an intermediary public body.

Chairs and boards of regulators

Regulators are usually held to account internally by their boards, which set strategic direction and risk appetite, make key decisions and scrutinise the performance of the executive leadership.[18] The board of a regulator is generally chaired by a public appointee and made up of a majority of non-executive members. A board's audit and risk assurance committee is responsible for assessing the standard of the body's governance and risk management.[19]

Given the accounting officer arrangements set out above, public boards' status can be unclear,[20] with differences for executive agencies, non-departmental public bodies and non-ministerial departments. Some boards are advisory only, whereas others have fiduciary duties – with the precise details being set out in their framework agreements.[21] A lack of clarity over the extent to which boards can hold a regulator's executive team to account can weaken the governance arrangements for some organisations. But the chairs of regulators can nonetheless be called to give evidence in parliament.

Courts and tribunals

Regulators can only act in line with the objectives and powers they have been given in legislation. Regulators must also observe the principles of administrative law.[22] A regulatory decision can be overturned through judicial review if a regulator is found to have acted unlawfully[23] – including by acting unreasonably, disproportionately or outside of its jurisdiction.

In some cases, those who are regulated can challenge individual decisions and seek redress through independent appeals bodies and tribunals, which may judge whether the decision was appropriate, not merely whether it was lawful. These bodies have powers to overturn or set aside parts of regulatory decisions and to impose penalties.[24]

Interested stakeholders

Regulated organisations, stakeholder groups, individuals and the media can all express views on regulators' actions. Their influence can be informal or indirect, for instance through lobbying or otherwise persuading regulators and those who oversee them, including politicians. But it is underpinned in some cases by legal requirements and Cabinet Office controls around transparency and stakeholder engagement. For instance, regulators must publish annual reports and accounts and those that are public authorities must respond to FOI requests.[25]

All regulators must consult those they regulate on the guidance they produce and on how they target regulatory activities.[26] Some regulators are also subject to specific transparency or consultation requirements: the FCA, for instance, is legally required to establish and consult with six independent panels representing the interests of consumers and practitioners.[27]

How parliament scrutinises regulators

There are several mechanisms by which parliamentarians can directly scrutinise regulators and hold them to account. The following are available to individual MPs and peers:

- **Debates:** These may be held in either chamber – or in the Commons' Westminster Hall – on an issue relating to a regulator.

- **Oral and written questions:** Parliamentarians may submit questions on the work of a regulator to be answered by the sponsoring minister, either orally or in writing.

- **All Party Parliamentary Groups (APPGs):** These unofficial groups bring together MPs and peers interested in particular issues. APPGs may ask regulators to give evidence, and although regulators are not obliged to, they usually agree.

- **Correspondence:** Parliamentarians may write to a regulator, for instance to inquire about a problem affecting their constituents. Regulators are not legally required to respond, but will usually do so.

- **Annual reports:** Regulators usually have a statutory duty to submit their annual reports and accounts to parliament (typically laid by the sponsoring minister).

However, parliament principally oversees regulators via its select committees, which scrutinise the work of government departments and their associated public bodies. Unlike individual MPs or peers, select committees can require written information from regulators and call their senior leaders into parliament to explain decisions. The reports of committees are public and can require a government response to any recommendations addressed to government.[28] Select committees can scrutinise regulators in the following ways:

- **Oral evidence:** The chair or chief executive of a regulator may be summoned in person to give evidence to a committee on the work of their organisation. Select committees also hold pre-appointment hearings for some roles.

- **Written evidence:** Select committees may write to a regulator requiring papers or records relating to a field of inquiry, or simply to request further information or explanation of a decision. This power is unqualified, but if the regulator feels it cannot disclose the information publicly it may ask to provide it on a confidential basis.[29]

- **Private briefings:** Select committees may also engage less formally with regulators, for example by requesting private briefings to the committee, or meetings between the chair of the regulator and the chair of the committee.

Any committee may scrutinise any regulator in regard to the committee's area of interest. For example, the House of Lords Communications and Digital Committee conducted an inquiry into digital regulation that included evidence sessions with Ofcom, the CMA, the FCA and the ICO.[30] However, the committees described in Box 1 have particular responsibility for scrutinising regulators on an ongoing basis.

Box 1: Committees responsible for scrutinising regulators

The House of Commons

- **Departmental select committees** examine the expenditure, administration and policy of specific government departments and their associated public bodies, including the regulators they sponsor. The Treasury Select Committee (TSC) also has a sub-committee on financial regulation, which examines rules and rule changes proposed by the financial regulators.

- **The Public Administration and Constitutional Affairs Committee (PACAC)** considers constitutional issues and the quality and standards of administration within the civil service. It has a specific duty to oversee the work of the PHSO, but in practice it also operates as the departmental committee overseeing the Cabinet Office and most of its associated public bodies, again including the regulators it sponsors.

- **The Women and Equalities Committee** oversees the Equality and Human Rights Commission, which is sponsored by the Cabinet Office.

- **The Speaker's Committee for the Independent Parliamentary Standards Authority** and **the Speaker's Committee on the Electoral Commission** oversee those regulators, which are parliamentary bodies.

- **The Committee on Standards** oversees the work of the Parliamentary Commissioner for Standards.

- **The Public Accounts Commission** oversees the work of the NAO.[*]

- **The Public Accounts Committee (PAC)**, supported by the work of the NAO, examines the value for money of government projects and programmes, including the work of regulators.

[*] The Public Accounts Commission is a statutory body comprised of commissioners who are MPs, including the Leader of the House of Commons and the chair of the Public Accounts Committee. In practice it operates as a parliamentary committee.

- **The Environmental Audit Committee** scrutinises the extent to which the policies and programmes of government departments and public bodies, including regulators, contribute to environmental protection and sustainable development.

The House of Lords

- **The Industry and Regulators Committee** examines matters relating to industry, including government policies to promote growth, skills and competitiveness, and scrutinises the work of UK regulators.

- **The Delegated Powers and Regulatory Reform Committee** examines proposals in bills to delegate legislative power from parliament to another body.

- **The Financial Services Regulation Committee** examines the regulation of financial services. It was established in January 2024.

Parliamentary oversight of regulators in practice

The way regulators are actually overseen by parliament depends greatly on the expertise, resources and interests of select committees – which may change depending on the composition of each committee, particularly its chair.

Committees in the Commons are typically supported by a small secretariat of five or six permanent staff and sometimes by additional specialist advisers or secondees employed on a temporary basis.[1] Lords committees tend to have less support than this, with usually three members of staff. Committee staff manage inquiries, organise witnesses, brief members and do much of the heavy lifting in drafting committee publications, so their numbers constrain how many inquiries committees can carry out and how quickly they can report – as well as what other hearings, events, visits and other work they can undertake.

However, even with larger secretariats, committee members would struggle to undertake many more oral evidence sessions than they do now. In this regard, the real bottleneck on committee capacity is members' time. Sitting on a committee is just one part of an MP's job. Committee members typically meet just once or twice each week – when parliament is sitting – and must spend some of this time in internal meetings or private briefings.

Oral evidence sessions with regulators are not the sum total of regulatory oversight – requesting and analysing written material, including through an exchange of letters, can be an important aspect of scrutiny. But parliament has a strong oral culture. The principal way that committee members personally engage with and examine the work of regulators is through questioning them in oral evidence sessions. For this reason, these sessions are a key indicator of the coverage and nature of select committee scrutiny.

We looked back at select committee hearings between the last general election in December 2019 and the beginning of the most recent parliamentary recess in March 2024 to see how often regulators were called to give oral evidence and in what context. Our review included all the committees responsible for scrutinising the regulators listed in Box 1.[*]

* See Methodology for more information about the inclusion of committees in our dataset.

To understand how the system works in practice, we interviewed a variety of participants in the process, ranging from committee members and staff to senior civil servants and regulators. Our findings cover the frequency of scrutiny sessions, the types of scrutiny conducted and its effectiveness.

Frequency of scrutiny sessions

Nearly one third of regulators have not given oral evidence to a select committee in this parliament

Since the last general election in December 2019, just over two thirds of regulators have been called to give oral evidence to a select committee in some capacity. Many prominent and strategically important bodies – including the financial and utilities regulators – have been called in on multiple occasions, sometimes several times a year. Over 70% of oral evidence sessions featuring regulators during this period were conducted with only a quarter of regulators, with the FCA, the NAO and Ofgem appearing most frequently.

On the other hand, some regulators have been called in relatively rarely by committees, as the FSA flagged in recent written evidence to a House of Lords inquiry.[2] At an Institute for Government event in 2023 Sir Jon Thompson, then chief executive of the Financial Reporting Council (FRC), highlighted how rarely he had given account to parliament in that role compared to his previous career as a permanent secretary.[3]

Thirty-five regulators have not been called to give oral evidence at all during this parliament. While many are smaller professional standards bodies or inspectorates, they also include some larger regulators like Social Work England, the absence of which is particularly surprising given that it is a relatively new regulator, created in 2017, and that the sector it regulates has faced persistent problems with recruitment and retention.

Parliamentary committees are right to prioritise. But this does not currently seem to reflect a systematic assessment of the relative powers of regulators, the risks they oversee, or – crucially – the level of reliance that can be placed on their oversight by others. In some areas, parliament has established an intermediary body to supervise a group of statutory regulators on its behalf. But the Health and Social Care Committee has not, for example, chosen to scrutinise the PSA, which in turn oversees a range of medical regulators, thus interrupting the chain of democratic accountability to parliament.

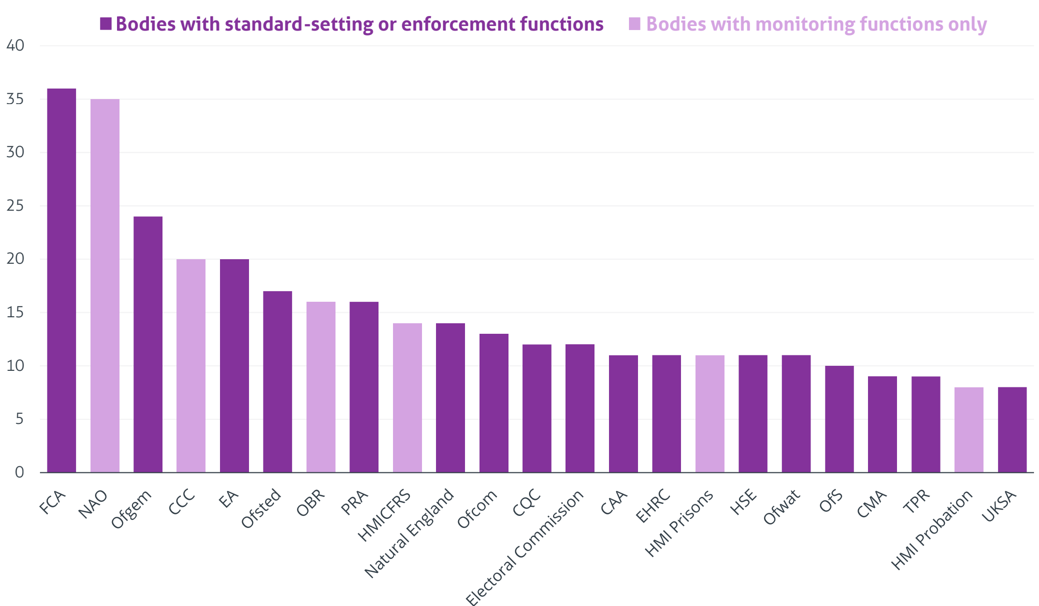
The frequency with which even prominent regulators are called is very variable

Even within the subset of regulators that are seen by parliament relatively often, there is considerable variation. The FCA, for example, has been seen even more frequently by committees responsible for scrutinising regulators than the NAO, which routinely appears before the PAC to discuss its value for money reports. When combined with the Prudential Regulation Authority (PRA) – which is also in the top 10 – this reflects considerable parliamentary focus on financial services. An FCA spokesperson told us:

> **"The scrutiny we're subject to can be intense, as it is intended to be. But we welcome the regular interaction. That regular drumbeat means, for example, politicians understand more about us and our work than might be the case for those regulators who appear less often."**

But parliament cannot maintain this level of scrutiny across all regulators. The FCA has been seen four times as often as the CMA in this parliament, for instance – and the CMA is still well within the top quartile of most frequently called regulators.

Figure 3 **Regulators called before a committee eight or more times, December 2019 to March 2024**

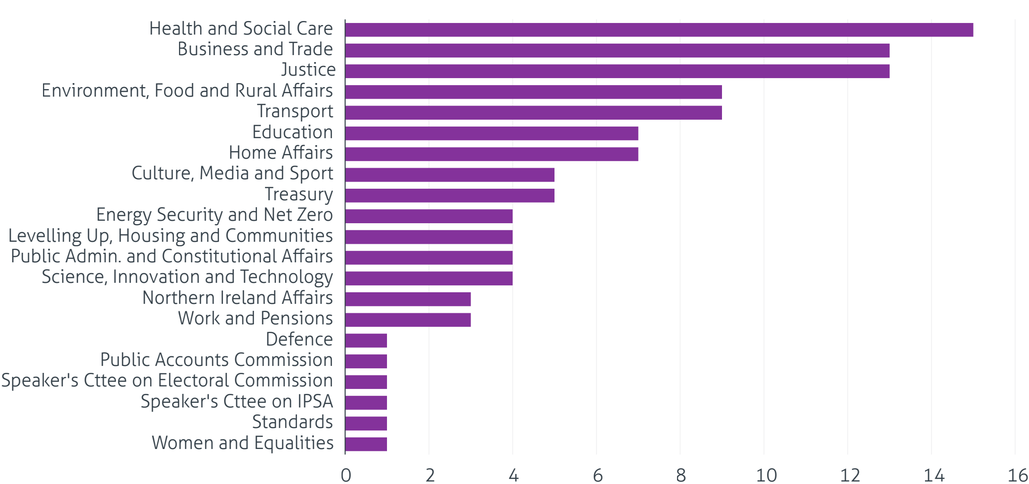


Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Analysis includes only committees listed in Box 1. See Methodology for further detail. Acronyms are defined in the list of regulators in the Annex.

Only two committees covering multiple regulators have seen them all in this parliament

Some select committees are responsible for overseeing a large number of regulators, but others oversee few or none at all. Figure 4 shows the number of regulators covered by each – although of course non-departmental committees may also call regulators to give evidence and departmental committees may call regulators sponsored by other departments where relevant.

Figure 4 **Regulators accountable to each select committee, 26 March 2024**



Source: Institute for Government analysis. Notes: Includes regulators accountable via oversight regulators. See Methodology and Annex for further detail.

To assess whether regulators are receiving baseline oversight, we looked at when they were last called to give evidence by their departmental or sponsoring committee. All committees responsible for only one regulator have called that regulator in 2024. But among those committees responsible for multiple regulators, the picture is varied. The Treasury Select Committee (TSC) oversees a handful of high-profile, strategically important regulators, and dedicates substantial committee time to them. The TSC has seen all the regulators within its remit at least once since 2021, most of them within the last few months.

By contrast, the Health and Social Care Committee and the Justice Committee oversee more fragmented regulatory landscapes, including some small regulators with narrow remits. The Health and Social Care Committee has seen just half of the regulators within its remit since the last general election. While it has called in the Care Quality Commission and the Medicines and Healthcare products Regulatory Agency (MHRA) on multiple occasions, it has neglected to examine several less prominent but still important bodies including the Human Fertilisation and Embryology Authority, the Human Tissue Authority and the Health Research Authority.

Figure 5 **Year in which regulators accountable to each committee last appeared before them, 26 March 2024**

2019 or earlier
2020
2021
2022
2023
2024
Health and Social Care
Business and Trade
Justice
Environment, Food and Rural Affairs
Transport
Education
Home Affairs
Culture, Media and Sport
Treasury
Energy Security and Net Zero
Levelling Up, Housing and Communities
Public Admin. and Constitutional Affairs
Science, Innovation and Technology
Northern Ireland Affairs
Work and Pensions
Defence
Public Accounts Commission
Speaker's Cttee on Electoral Commission
Speaker's Cttee on IPSA
Standards
Women and Equalities
0
2
4
6
8
10
12
14
16

Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Includes regulators accountable via oversight regulators. Where the committee responsible for a regulator has changed, sessions held by the previous committee are credited to the current one. See Methodology and Annex for further detail.

Committees responsible for multiple regulators will naturally have less time to dedicate to the scrutiny of any given one, and may prioritise scrutiny of those that are higher profile or more strategically important. For example, the Education Committee called Ofsted to provide evidence at least twice a year between 2020 and 2023, during the height of the pandemic and following disruption to schools and exams, but has not seen three other regulators within its remit since 2019 or earlier.

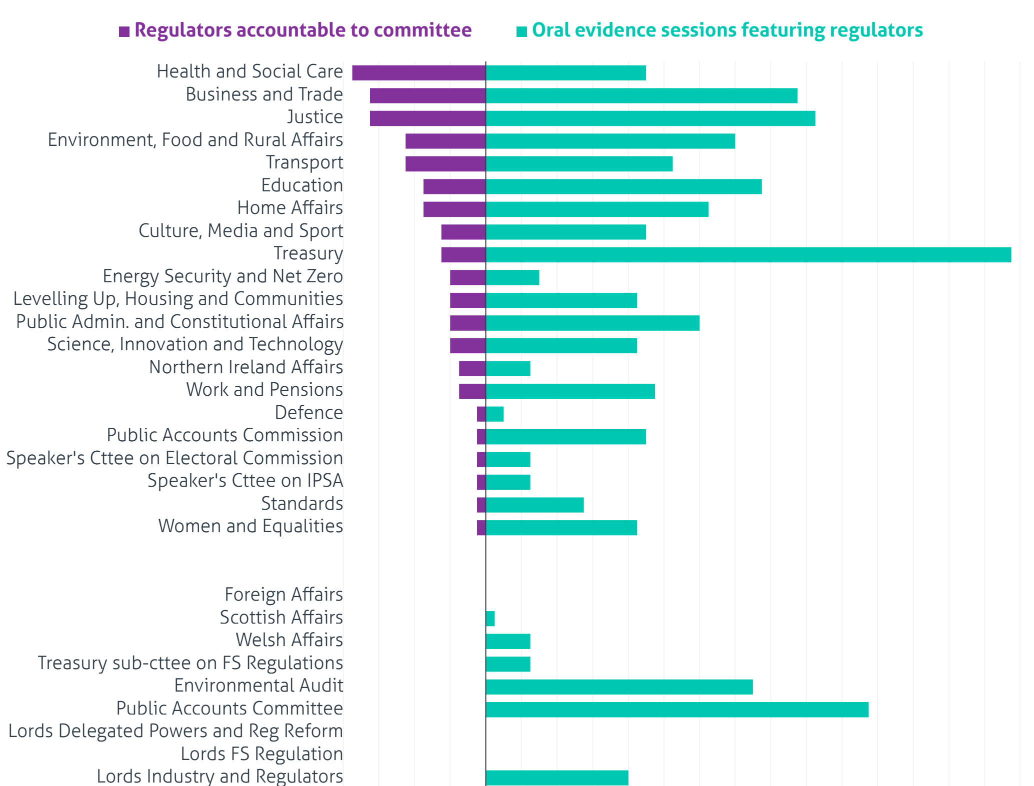
The Justice Committee takes an innovative approach to scrutinising its lower priority bodies, occasionally holding joint scrutiny sessions including all the criminal justice inspectorates it oversees – although it is questionable whether the single combined session it has held for four regulators of the legal profession represents sufficient scrutiny during a parliament.

Figure 5 only includes regulators that can be assigned to a responsible committee – either by tracing lines of accountability through a sponsoring government department or observing that a particular committee has called them for a general scrutiny hearing. There are an additional five regulators for which this has not been possible.

Some committees devote more time to regulatory oversight than others

The time committees spend scrutinising regulators varies considerably and only roughly reflects the number of regulators within their remit. Variation is to be expected given the different responsibilities of each committee. Nonetheless there are some outliers, such as the TSC, which carries out much more regulatory scrutiny than would be expected given the relatively small number of regulators it is responsible for.

Figure 6 **Oral evidence sessions featuring regulators by committee, December 2019 to March 2024**



Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Analysis includes only committees listed in Box 1. See Methodology and Annex for further detail.

A significant amount of regulatory scrutiny is also carried out by non-departmental select committees in both the Commons and Lords, which have remits encompassing regulatory issues but are not responsible for overseeing the work of any particular body. The PAC has called regulators to give evidence more than 40 times in this parliament (primarily to discuss NAO reports), second only to the TSC. Both the Environmental Audit Committee and the Industry and Regulators Committee also dedicate considerable time to scrutinising the work of regulators across different sectors and government departments.

Types of scrutiny session

Looking beyond the number of select committee oral evidence sessions regulators attend, we can also break down the types of session they attend. Regulators give evidence to committees in different capacities, with varying degrees of focus on specific issues and on the regulator's broader constitution, strategy and performance. The distribution across the types of evidence session regulators attend is fairly consistent, year on year.

Most committee sessions featuring regulators focus on topical issues

Figure 7 **Oral evidence sessions featuring regulators by type of session, 2020–23**

Source: Institute for Government analysis of select committees' oral evidence transcripts, 2020-23. Notes: Analysis includes only committees listed in Box 1. See Methodology for further detail.

A clear majority of regulators' appearances before select committees during this parliament have been to give evidence to inquiries. **Inquiry sessions** typically question regulators in relation to a specific matter of interest – as for instance when the CEO of the Intellectual Property Office was called to give oral evidence to the Culture, Media and Sport Committee's inquiry into the economics of music streaming.[4] As the chair of a prominent regulator put it, these inquiry sessions are usually limited to "an examination of the problem, and within that the [regulator's] role, rather than scrutinising the whole of our work in its own right". Occasionally, however, an inquiry will focus on a regulator's performance, as did the Industry and Regulators Committee's recent inquiry into the Office for Students, which examined the organisation's statutory duties and powers, its effectiveness and its relationship with the higher education sector and central government.[5]

Committees also call in regulators for one-off **issue-based sessions** that are not part of an inquiry. More than half of these sessions take place in reaction to a crisis or topical event. For example, Ofwat was recently called to a session held by the Environment, Food and Rural Affairs Committee in response to concerns about the potential collapse of Thames Water.[6] Committee members may also proactively identify a matter of ongoing interest, or use issue-based sessions to follow up with regulators about the implementation of recommendations from earlier inquiries. For instance, the Levelling Up, Housing and Communities Committee recently held a session with the Social Housing Regulator to follow up on a report about the quality of social housing.[7]

Where regulators are occasionally called to give evidence as part of pre-legislative or post-legislative scrutiny in areas relevant to them, we have also classified this as an issue-based session. For example, the Culture, Media and Sport Committee called representatives of Ofcom to discuss the implications of proposals in the draft Media Bill to expand their remit in relation to video-on-demand services.[8]

Departmental select committees also conduct **general scrutiny sessions**: dedicated, routine hearings questioning leaders of regulators (or other public bodies and departments) about the work of their organisation as a whole, independent of any particular topical concern. These hearings may be linked to the publication of the regulator's annual report. They are important opportunities for committees to examine what may be missed in issue-based sessions, including whether the regulator's objectives are appropriate and how they are prioritised; whether the regulator has the necessary powers, resources and internal structures in place to achieve them; its performance against its objectives; and its organisational strategy and plans to address future risks.

While general scrutiny sessions are the second most common context in which regulators have appeared before select committees over the last four years, some regulators have been scrutinised multiple times. Just 35 out of 116 regulators have had a general scrutiny session since the start of this parliament.

Finally, a minority of appearances were **pre-appointment hearings**. Some public appointments to regulators are subject to scrutiny by the relevant select committee, which can examine the government's preferred candidate in terms of professional competence, willingness to exercise independent judgment and overall vision for their proposed role.[9] Such hearings are an opportunity for candidates to set out their strategy for the regulator and justify to a committee and to the public that they have the skills for the job and would stand up to ministerial pressure when appropriate – despite being appointed by ministers. They also enable the committee to influence how a prospective appointee will approach the role.

However, by definition, these hearings take place before the candidate has started the job and without any support from the regulator, so they do not serve the function of scrutinising the constitution or performance of the regulator itself. And, in most cases, a committee's recommendation against appointment can be ignored by ministers – though appointments to some roles which oversee the government's own work, such as the chair of the UK Statistics Authority, are conditional on parliamentary approval.[10]

Some committee sessions defy easy classification (see Methodology) and all will cover a range of topics across the course of a single session. Members may, for instance, touch on topical issues in a general scrutiny session or cover the statutory basis of a regulator as part of an inquiry. But despite its limitations, distinguishing between these categories is a helpful way to identify broader trends in how committees scrutinise regulators.

The extent of focus on topical issues varies between committees

Figure 8 **Oral evidence sessions featuring regulators by committee and type of session, December 2019 to March 2024**

Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Analysis includes only committees listed in Box 1. See Methodology and Annex for further detail.

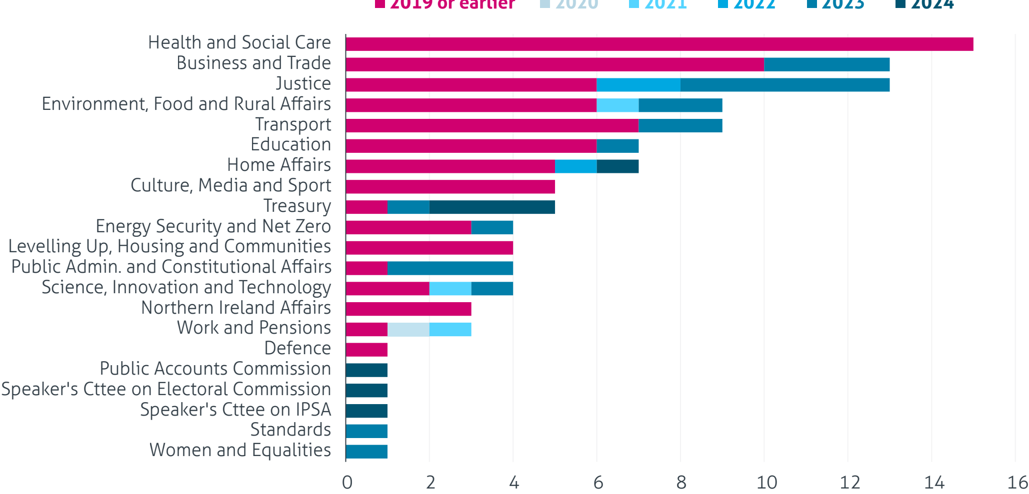
Some committees dedicate considerable time and attention to scrutinising the performance of regulators via general scrutiny or pre-appointment sessions (shown in blue in Figures 7 and 8). General scrutiny sessions matter most from the perspective of evaluating parliamentary oversight of regulators' objectives, strategies and day-to-day work, rather than investigating topical issues. But we highlight pre-appointment hearings as well because, while they will be oriented towards evaluating a potential appointee, they can also afford an opportunity to examine and influence how the appointee would lead the regulator in general terms.

Reassuringly, the Speaker's committees established with the express purpose of overseeing specific regulators have already called each of them for general scrutiny sessions in 2024 – although MPs have a particular interest in both IPSA and the Electoral Commission because their own activities are regulated by them.

However, most departmental select committees rarely undertake general scrutiny sessions. Despite overseeing the most regulators of any single committee, the Health and Social Care Committee has not held a general scrutiny session for any of them since 2019, preferring to call regulators to provide evidence to inquiries instead. Similarly, although the Business and Trade Committee has held more oral evidence sessions with regulators than most other committees, these were primarily a mix of inquiries and one-off sessions exploring particular policy problems, rather than engaging in broader scrutiny of regulators' constitution or performance.

Figure 9 reproduces Figure 5, but includes only general scrutiny sessions. This reveals that when it comes to the scrutiny of regulators *as institutions*, rather than on the basis of particular issues, most are falling through the cracks. Current practice is clearly a long way from what would be required if parliament were to carry out regular, proactive scrutiny of the regulators that are accountable to it.

Figure 9 **Year in which regulators accountable to each committee last attended a general scrutiny session with them, 26 March 2024**



Source: Institute for Government analysis of select committees' oral evidence transcripts, December 2019 to March 2024. Notes: Includes regulators accountable via oversight regulators. Where the committee responsible for a regulator has changed, sessions held by the previous committee are credited to the current one. See Methodology and Annex for further detail.

Our definition of general scrutiny sessions excludes inquiries by the responsible committees into specific fields of regulation – as have taken place for social housing[11] or gambling,[12] for instance – but such inquiries are relatively unusual.

Committee priorities reflect their compositions, remits, resources and interests

We are not aware of any previous systematic analysis of the balance between different types of oral evidence sessions involving regulators. We believe our findings should prompt evaluation of the very great diversity we have uncovered, both in committees' levels of attention to regulators and in the focus of their scrutiny. But this does not mean there is no justification for the variation, some of which we have already set out.

There are important differences between departmental and thematic committees. For example, the Industry and Regulators Committee has a focus on regulators but is not responsible for overseeing any of them in particular. Instead, its cross-cutting remit makes it well placed to examine regulatory issues spanning the breadth of government – although as a Lords committee it has less resource available to help it do so.

The remit of a department can also influence the extent to which the relevant departmental committee prioritises regulatory oversight. For example, the Treasury is not a delivery department and much of its activity is focused on a couple of set fiscal events each year: the annual budget and autumn statement, and multi-year spending reviews. The TSC will scrutinise the department intensely around these events, but less frequently at other times, when it therefore has the capacity to scrutinise regulators sponsored by the Treasury instead. By contrast, the Health and Social Care and the Business and Trade Committees understandably dedicate much of their time throughout the year to scrutinising the delivery work of their departments and the major non-regulatory bodies they sponsor, such as NHS England.

The TSC is also exceptional in having more staff available to it than other departmental select committees, an anomaly that has persisted since Lord Tyrie secured additional resource when he was chair (2010–17). By special arrangement, the TSC secretariat includes secondees from the regulators it oversees – granting it both greater capacity and regulatory expertise. Access to a larger, more specialised secretariat also enables the TSC to carry out more frequent and better informed scrutiny of regulators.

Alongside structural factors, the interests of members – particularly chairs – strongly influence where committees focus. Members may have an interest in a specific field they used to work in, which is likely to inform both who they call for evidence and the questions they ask. Given Commons committee members are also MPs, issues raised by constituents might also encourage them to scrutinise the work of particular regulators in a one-off session. For example, the Environment, Food and Rural Affairs Committee's session with the Marine Management Organisation on sea life mortality off the North-East coast was of particular relevance to the chair's constituency in Scarborough and Whitby.[13]

Given the reactive nature of much scrutiny, external events clearly influence the issues committees choose to address – and can entirely reorient their agendas. The 2008 financial crisis, Brexit and the Covid pandemic each prompted a flurry of inquiries across the relevant committees, which brought some regulators to the forefront of their attention but also likely disrupted the regular scrutiny of bodies less directly connected to these events.

Effectiveness of scrutiny sessions

Committees' current approach to prioritisation misses some important issues

Committees most often call in regulators reactively – that is, because they have become aware of a problem. One former MP described how committee members prioritise issues depending on "what's come up in constituency surgeries, what's in the mailbag… what they're being lobbied on – which is not all industry types, it's also the voluntary sector… as well as what's in the media". This can often be an effective means of identifying issues: a former committee chair told us that

> **"the current model, where a whistleblower or investigative reporter exposes a problem, and committees investigate it, works pretty well. If there is nothing to talk about, committee members won't turn up."**

But while reacting to topical events and specific complaints because they are urgent and personal is understandable, doing so can skew committees' focus. Not all problems faced by citizens are picked up by journalistic investigation or will hit the front pages; others will not be captured in members' constituency surgeries. And parliamentarians told us that while corporate lobbying can give them a good understanding of regulation's impact on a regulated sector, they may receive much less information about outcomes for consumers. This can leave them with an imbalanced view of the impact of regulation.

A reactive approach can push parliamentarians to focus on specific cases, rather than examining the objectives, processes, relationships and resource constraints that may be the root of wider problems. This can be valuable: as one former chief executive of a regulator told us, specific incidents can "bring problems to life" and "shine a light on something bigger. It's a tactic, and a reasonable one."

But regulators may not always be able to comment publicly on casework, and the senior leaders who typically appear in front of committees will not always be close enough to that casework to make meaningful comment on it anyway. Using a committee session to ask the chief executive of the Office of Rail and Road about timetable changes or the impact of rail strikes in a particular constituency, for example, may be useful to an individual MP, but is not the most effective use of a committee's time.[14,15]

However, interrogating the *strategy* for addressing such issues more generally – how they are prioritised compared to other work and why, as well as how resources are allocated to them – are all questions a chief executive should answer for.

Hearings themselves could be run more effectively

It is not realistic to expect all departmental committees to schedule annual general scrutiny hearings with every regulator in their remit. For those that oversee large numbers of bodies this could consume more than a quarter of the oral evidence sessions they conduct each year. Our research suggests there is not a broad-based appetite among parliamentarians to dedicate such a large proportion of their time and attention to regulatory scrutiny – and one former select committee chair told us that "for well-established regulators, additional parliamentary scrutiny is unnecessary". But select committees could use the time they are able to spend scrutinising regulators more effectively. Our interviews with parliamentarians, parliamentary staff and regulators suggested that too often:

- **Committees are poorly informed.** Committee members often do not understand how regulators work in general and do not have a good grasp of the function, powers or remit of the particular regulator they are questioning. Although some scene-setting might be aimed at a public audience or to get preliminaries on record, regulators sometimes spend a significant proportion of evidence sessions explaining their roles and responsibilities. This leaves them feeling on the back foot and wastes time that could be better spent on other questions.

- **Hearings are poorly planned.** Committee members tend to issue quickfire questions across several issues with little follow up. While this can effectively expose or illustrate a wider problem in the regulator's work, often it comes at the expense of exploring the higher-level, structural issues that parliament is uniquely placed to examine. Committees can also be poor at following up problems and recommendations raised in previous inquiries, particularly under previous chairs, and at evaluating the effectiveness of their own approach.

- **Committees are overly adversarial.** Regulators are often called in to give account to committees when things go wrong. Under these circumstances, members are sometimes incentivised to point fingers and generate headlines, rather than to gain greater clarity about the nature of problems or drive improvements. In response, regulators are encouraged to avoid controversy, rather than to genuinely engage with the scrutiny process. The result, as one regulator put it, is a "combative situation which is not conducive to righting wrongs".

- **Committees are unengaged.** When there is not a crisis or public scandal to focus minds, many parliamentarians have little interest in regulatory scrutiny. It is not unusual for committee sessions dedicated to regulatory oversight to be poorly attended – especially pre-appointment hearings and general scrutiny sessions.

The problems caused by reactive and poorly informed oversight were summarised by a former parliamentary clerk:

> "It's the difference between the community policeman on his beat vs. a SWAT team. Select committees mistakenly go for the SWAT team approach straight away – come in all guns blazing, launch a few scattergun shots, and people end up dead, only sometimes the right ones. If relationships and dialogue were established and regulators and committees knew and talked to each other it would work much better."

Far from seeking to avoid parliamentary scrutiny, most of the regulators we interviewed expressed enthusiasm for engagement with parliamentary committees and felt a keen responsibility to give account to democratic representatives. Many suggested that more regular interaction would help them to build better working relationships with committee members, which would make reactive scrutiny and accountability more effective when failures did occur. We also heard how public scrutiny by a committee could help regulators to make the case for necessary changes in their remit or resourcing, to flag potential risks, to push back against inappropriate interference, or to explain publicly what they were doing about an issue.

The problems with committee evidence sessions that we describe above are not unique to their engagement with regulators. They reflect wider difficulties in prioritising between many pressing matters, individual MPs not finding time to properly prepare, the relative scarcity of research and analytical support, and the political impetus to cover more ground than is possible in the time available.

With select committees having limited bandwidth and our research suggesting most would be unwilling to dedicate more time to scrutinising regulators, it is doubly important that the scrutiny that does take place is better informed, more strategic, and underpinned by a realistic assessment of the role of parliament. The rest of our report describes how this can be achieved.

How to improve parliamentary oversight of regulators

We have seen that the reality of parliament's current oversight of regulators – with less than a third of regulators receiving general scrutiny in this parliament and almost a third not being called before committees at all – does not match the aspirations of parliamentarians after Brexit. The rest of this report argues that, to maximise the effectiveness of their scrutiny, MPs and peers should focus on the oversight functions only they can carry out. They should perform these better, with better support, while also ensuring that other functions are effectively performed elsewhere. First, though, all parties must clearly understand which regulators are accountable to parliament and where responsibility for their oversight lies.

1. Clarify responsibilities for oversight

The government should compile a list of regulators and their oversight arrangements

Accountability must start from a clear understanding of who is being held accountable for what, and how. But we heard that some select committees do not know which regulators they are responsible for scrutinising, or understand the division of responsibility for regulatory oversight between parliament, government and other institutions. This is plainly limiting, and can lead to poor co-ordination across the system, with committees either duplicating scrutiny already carried out elsewhere or falsely believing that others are conducting oversight that is not taking place at all.

It is understandable that some committees are confused about the regulatory oversight system. Perhaps surprisingly there is no comprehensive public list of statutory regulators in the UK, and accountability arrangements differ between bodies. For the purposes of this research, we have compiled a working list of statutory regulators, attached as an Annex to the report. It is not exhaustive and definitions of a statutory regulator vary.*

* We define a UK 'statutory regulator' as an individual or body granted statutory powers by the UK parliament, ministers or the monarch to set standards, monitor performance or compliance, or take enforcement action. See Methodology for more information.

The government should produce an authoritative list, publish it and update it annually.[1] The start of the next parliament, when committee chairs will change, would be a sensible moment for first publication.

Regulators have been set up under a wide variety of governance arrangements, operating with differing degrees of independence from ministers. The Cabinet Office does publish a list of arm's length bodies, including those that exercise regulatory functions.[2] These range from executive agencies like the MHRA, which have separate management structures from their parent department but are directly accountable to its ministers, to non-ministerial departments like Ofgem and non-departmental public bodies like the Office for Students, which in theory are further removed from ministerial oversight. But not all regulators fall within the Cabinet Office's remit.

The Cabinet Office list does not include, for example, public corporations like the Civil Aviation Authority[3] and non-classified public bodies like the Financial Conduct Authority.[4] It also excludes regulatory bodies that are directly sponsored by parliament, such as the Electoral Commission.[5] The list further omits professional standards bodies that were established independently of government but to which parliament has granted legal authority to set standards, monitor performance or compliance, or take enforcement action. These include the General Medical Council[6] and the British Board of Film Classification.[7]

These administrative categories have a bearing on how regulators are held to account by ministers and parliament, but there are no hard and fast rules, as the way bodies are established reflects the government's priorities for each. For example, Ofgem and the Charity Commission are both classified as non-ministerial departments, but they have very different relationships with central government. Ofgem must have regard to 'strategic priorities' set out by ministers in exercising its regulatory functions, and is subject to performance management and financial controls in relation to its delivery of government environmental and social programmes.[8] Conversely, the Charity Commission is not subject to the direction or control of any ministers or other government departments on the basis that it exercises a number of quasi-judicial functions.[9] Other non-ministerial departments describe their accountability relationships to ministers and parliament very differently.[10]

Financial arrangements, powers to hire and fire senior leaders, and scrutiny and performance management protocols are sometimes specified in legislation, sometimes appear in 'framework documents' produced by sponsor departments and occasionally have simply evolved through custom over time.[11] Consequently, they vary from one regulator to the next. One experienced regulator told us:

> **"I am always struck by the lack of co-ordination when new regulators are created – they are all produced by government as if they've never seen one before. The models are totally different every time."**

Parliament, to best perform its role at the apex of democratic accountability, needs not only to know which bodies have regulatory powers but also to understand what other organisations are doing to hold them to account. Armed with a better understanding of the regulatory oversight system, parliamentary committees would be better placed to rely on the work already being done by others to scrutinise regulators. They would also be better able to identify where nobody else is asking regulators key questions and to focus their attention on these areas.

The government should compile a comprehensive list of statutory regulators in the UK, summarising their functions and powers and the respective roles of parliament, ministers, departments and other organisations in overseeing each body. The list should be updated annually. It should be published and shared with parliament.

Select committees should have a new core task to scrutinise regulators

Select committees have limited resources and their secretariats' work is naturally directed towards members' priorities. However, the introduction of a list of 'core tasks' for departmental committees, agreed by the House of Commons Liaison Committee in 2002 and amended in 2012 and 2019, has had a "positive effect on the ability of select committees to plan and be held to account for their work".[12] No one can *make* a committee fulfil its remit, as set out in its standing orders, except as it sees fit, but current and former parliamentary staff told us the core tasks have empowered them to prompt members to carry out more systematic work – including holding general scrutiny sessions for public bodies.

The current second, third and fourth core tasks make departmental committees responsible for examining the administration and expenditure of departments and their associated public bodies, including scrutiny of their strategies and performance and management information, as well as for their implementation of committee recommendations. But as noted not all regulators are public bodies, or sponsored by a government department. Arguably regulators could be captured by the fifth task, which is "to consider matters of public concern where there is a need for accountability to the public through parliament, including the actions of organisations or individuals with significant power over the lives of citizens or with wide reaching public responsibilities".[13] But this is not explicit.

The original 2002 core tasks specified that committees were to monitor the work of regulators associated with a department, following proposals made by the Modernisation Committee and the Hansard Society Commission on Parliamentary Scrutiny.[14] But direct reference to regulatory oversight was removed in 2012 as part of a wider effort to simplify and update the tasks.[15] A clerk we interviewed who did not see regulatory scrutiny as a core function of their committee referenced its core tasks to make this point, which shows that the wording matters.

Given their ability to set standards, monitor performance or compliance, or take enforcement action – and the fact that they enjoy a different kind of independence from government than other public bodies – regulators should be a particular priority for committees. Reintroducing direct reference to regulators in the core tasks would remind committees of their responsibilities for overseeing them and empower committee staff to highlight this responsibility to members.

The Commons Liaison Committee should revise the core tasks guiding the work of departmental select committees to reintroduce a specific task to examine the work of regulators. This should include scrutiny of statutory regulators that are not formally sponsored by a department, but which fall within the relevant department's policy area.

Committees should co-ordinate to avoid gaps in scrutiny

The remits of Commons departmental select committees shadow the structures and spending lines of the departments they scrutinise. This provides a clear line of accountability for all regulators that are public bodies. Additionally, IPSA and the Electoral Commission, sponsored by parliament, are supervised by dedicated committees chaired by the Commons Speaker.

However, some public bodies are not sponsored by the department to which their activities are most relevant. For example, the Office for Nuclear Regulation (ONR) is sponsored by the Department for Work and Pensions (the remit of which covers most general health and safety matters) instead of the Department for Energy Security and Net Zero, to separate commercial interests from sponsorship of the regulator. Similarly, the FSA is sponsored by the Department of Health and Social Care instead of the Department for Environment, Food and Rural Affairs. This means oversight of some regulators can fall to committees that do not normally take an interest in the relevant policy area and understand it less well. As a result their scrutiny can be deprioritised.

In practice, guest appearances can be used to get around this. In 2021, for example, the Health and Social Care Committee held a pre-appointment hearing for the chair of the FSA, with the chair of the Environment, Food and Rural Affairs Committee also in attendance as a guest. But no one from the ONR has been called before its own sponsoring committee – or the Energy Security and Net Zero Committee – since before the 2019 general election, although it did give issue-specific evidence to the Environmental Audit Committee[16] and to an inquiry on delivering nuclear power held by the Committee on Science, Innovation and Technology (CSIT),[17] both in 2023.

A small number of regulators are neither public bodies nor overseen by one, and so are not formally accountable to ministers or, by extension, the government departments they lead. For example, the Panel on Takeovers and Mergers (which regulates fair treatment of shareholders during takeover bids) is not sponsored by a government department – and has not been called to give oral evidence to parliament for over two decades.[18] Although there are very few bodies in this position, it is nonetheless concerning that any regulators can be so rarely scrutinised by parliamentarians, ministers or government departments.

Committees already make informal arrangements to divide responsibilities or work together to scrutinise some institutions. For instance, PACAC and CSIT share oversight of the ICO, with PACAC scrutinising the regulation of freedom of information by public authorities and CSIT overseeing the ICO's other work, including the regulation of data protection. More systematic agreements on responsibility for scrutinising regulators that either fall outside of departmental sponsorship, are sponsored by less obviously relevant departments or fall across multiple committees' areas of interest would help avoid any falling between the cracks.

The House of Commons Liaison Committee would be a natural forum in which departmental committee chairs could discuss how they might best work together to scrutinise regulators. While committees would not be bound by any agreement the Liaison Committee made, simply surfacing this question should improve co-ordination. There can be some delay in the election of the Liaison Committee chair after that of the departmental committee chairs so, at the beginning of a new parliament, parliamentary staff should inform new committee chairs of pre-existing arrangements.

Upon election, the new chair of the House of Commons Liaison Committee should ensure that each departmental select committee chair is aware of which regulators are accountable to their committee.

The Liaison Committee should agree which committees are best placed to hold to account statutory regulators that are not sponsored by a government department or by parliament.

Where departmental committees are responsible for regulators that fall outside of their normal policy area, or sit across multiple policy areas, the relevant committee chairs should agree at the start of each parliamentary session how they will work together to scrutinise those regulators.

Parliament should identify any concerning gaps in regulatory coverage

Not only do the remits of parliamentary committees and other oversight bodies not always align neatly with those of the regulators they scrutinise, the remits of regulators themselves do not always align neatly with the opportunities and risks that exist in the real world. This was shown in research by the Institute for Government following the Covid pandemic that highlighted a lack of external input into government's assessment of risks and weak co-ordination between departments and agencies managing shared risk areas.[19] Parliamentary scrutiny of these arrangements was identified as an important aspect of national risk management that should be strengthened.

Alongside the government, parliament should assure itself both that the key risks to which the country is exposed are subject to appropriate regulation and that regulatory remits do not unnecessarily overlap. One way to achieve this would be to map the remits of regulators, other public bodies and departments against national risks as recorded in the government's National Risk Register, maintained by the Cabinet Office.[20] The product of this exercise would be imperfect, but might help committees to broadly identify regulatory blind spots.

Given its inevitable limitations, any top-down mapping should be supported by a mechanism for regulators and their stakeholders to flag areas that should potentially be subject to regulation, but are not, as they emerge. One chair of a regulator told us:

> **"We're not looking for extra work, but we do sometimes remind people of the gaps in the supervisory process or system. But we don't have an easy mechanism to raise this to parliament if they don't ask about it. This is the kind of thing that we might send letters about to the department. But most civil servants these days are led by ministerial and SpAd [special adviser] interests and with less resources are not able to pursue other policy matters."**

In some cases, regulators and government have developed processes to publicly flag such matters and discuss them with ministers. The FCA publishes an annual perimeter report, outlining harms linked to their perimeter and actions they take to monitor and reduce these.[21] The economic secretary to the Treasury meets annually with the FCA's chief executive to discuss this report, with the minutes published.[22] Other regulators might consider adopting this approach.

But stakeholders including regulated industries, consumers and service users may also identify potential gaps in regulatory coverage that would not obviously pertain to any existing regulator. The government should collate these and publish them, along with its view of whether and how they ought to be addressed.

The government should map the remits of regulators, other public bodies and departments against the government's National Risk Register. The results should be published and shared with parliament, and should be updated to stay in line with the register.

The government should set up an 'open inbox' or periodic call for evidence asking regulators, regulated industries, consumers, experts and the public to report potential regulatory blind spots or areas where regulation is redundant. A summary of the results should be published annually and shared with parliament.

The Liaison Committee should review these publications and prompt the relevant departmental select committees to consider the issues they raise.

2. Focus on functions only parliament can perform

Demands for more, and more effective, parliamentary scrutiny of regulators tend to emphasise that insufficient oversight from elected representatives calls into question regulators' democratic legitimacy.[23] It is true that direct engagement between parliamentarians and regulators can help to maintain public and political trust in them. But a realistic assessment of parliament's capacity and interests suggests that it must lean on others' work where possible and focus its own efforts on performing the democratic oversight that only it can carry out. In this section we identify the core oversight work that parliament cannot easily delegate to others.

Examining regulators' statutory objectives and powers

Regulators are subject to legal challenge if they overreach their powers, so they attend carefully to what statute does and does not allow them to do. But the courts cannot judge whether regulators' statutory objectives and powers are the right ones. A regulator's statutory basis will be considered by parliament when it is established and may need reviewing and updating from time to time. Policy changes, technological developments and changes in the national and international political context can all leave regulatory regimes and their underpinning legislation outdated. For instance, when leaving the EU led to the repatriation of some regulatory functions, new legislation was required to transfer those rules into UK statute.[24]

Neither parliament nor government always keep up with the need for change in the legislation that underpins regulators' activities. Provision can be made in a regulator's founding statute for this to be achieved through delegated legislation using statutory instruments made by ministers, but parliamentary control of delegated legislation is notoriously patchy and sometimes almost non-existent.[25]

One example of outdated legislation was highlighted when, following high-profile auditing and accounting scandals including the collapse of Carillion, an independent review faulted the FRC's weak statutory foundation and "limited or even non-existent" powers in key areas of responsibility.[26] The government decided in 2019 to replace the FRC with a new regulator with a clearer sense of purpose and stronger powers,[27] but the necessary legislation has still not been passed.

The FRC is a relatively high-profile case, but outdated legislation in less prominent fields can fall under the radar and often results in inefficiency. For example, the Human Tissue Authority is legally required to seek board approval for regulatory decisions on some individual procedures like anonymous organ donations, which were novel when it was established but are now routine. Because of a specification set out in statute, the Sports Grounds Safety Authority was for many years unable to charge more than £100 for inspecting even the largest stadia, despite the costs of doing so being much higher (this is now being resolved).[28] Half of all pupils in England are now educated in schools run by multi-academy trusts but under current statute Ofsted can only inspect individual schools,[29] despite repeatedly calling for legal powers to directly inspect the effectiveness of trusts as well.[30]

Conversely, some regulators have been given more and more statutory objectives and powers over time. All of the utilities regulators have accrued additional duties since they were first established and in some cases their remits have increased significantly. Ofcom's regulatory remit has expanded through legislation to include video-on-demand services, postal services and the BBC, as well as new responsibilities to protect citizens from harm online.[31] The advent of artificial intelligence has created new responsibilities for many regulators.[32] The government has also tended to add more objectives in relation to regulators' existing remits, or expectations of further issues to which they should 'have regard' – including growth, competitiveness and consumer protection.

Parliament sometimes monitors how new legislation plays out in the short term by setting up a post-legislative scrutiny committee or through inquiries conducted by existing committees, but often problems emerge over a longer period. Ongoing parliamentary scrutiny of regulators' legislative basis is needed to examine whether the addition of any new objectives and powers leaves the regulator with a coherent remit and to confirm that any additions have not compromised the regulator's ability to fulfil its functions.

Changing a regulator's statutory basis requires the government to table legislation for parliament to review and approve. Ideally, however, parliament would not only wait for new legislation to be tabled but, from time to time, proactively investigate whether the regulators it has empowered still have

the appropriate statutory basis to fulfil their objectives, and whether they are doing so as parliament intended. If this is not the case, parliament should prompt the government to initiate legislative change, or else use its platform to criticise its failure to do so.

To make optimal decisions, parliament needs a clear view of how well regulators' statutory objectives fit together within and across sectors, in the context of the improved mapping of risk and regulation that we have already proposed. Non-departmental committees in particular – such as the Industry and Regulators Committee – should capitalise on their cross-cutting remit to investigate challenges that play out beyond departmental boundaries. For example, the committee might prioritise coming to a view on whether and how it makes sense for consumer protection objectives to be framed differently for different regulators, how regulators' legal duties help or hinder co-operation between them, and even whether statutory functions might be better discharged by merging or splitting up existing regulatory bodies.

Examining regulators' relationships with government and parliament

One of parliament's primary functions is to examine and challenge the work of the government. While regulators, stakeholders, or other oversight bodies might be able to highlight problems with how central government is influencing regulatory decision making or allocating resources to regulators, only parliament can require ministers and permanent secretaries to justify these actions publicly.

Perhaps most fundamentally, it is important to check that the regulator, government and parliament all agree about what a regulator's objectives mean and how they should be prioritised. A regulator will feel compelled to ignore government guidance on how conflicting objectives should be balanced if that guidance conflicts with its legal powers and responsibilities. If it is unclear which decisions are for the regulator and which are for politicians to make, the regulator can end up either making decisions that ministers later undermine or relying too heavily on political steers to avoid disputes.

The very act of establishing a regulator implies delegating some degree of regulatory independence, which means that a regulator may not always act in the way ministers or indeed parliamentarians might prefer. In this case, politicians can adjust its remit or remove its powers – but consistency in delegation is preferable wherever possible.

For example, the government restricted its own ability to modify recommendations on tariffs issued by the Trade Remedies Authority (TRA) when that body was set up, in order to establish a trusted, pro-trade regime. But when the TRA made a recommendation on steel tariffs that the government wanted to modify, the secretary of state laid an emergency statutory instrument to alter the TRA's powers so that government could overrule it.[33] This rendered the TRA a largely advisory body, and the expectation that the government may intervene in its decisions again creates uncertainty among those regulated and is not conducive to the development of an authoritative and independent regulator.

Regulators themselves may also fail to assert sufficient independence from government, sometimes as a result of the way they are constituted or because of close political alignment between their leaders and the government of the day. For instance, a recent parliamentary inquiry found that the Office for Students has been too ready to accommodate specific policy steers from ministers, damaging its standing with the higher education sector it regulates and distracting from the achievement of its long-term aims.[34,35] Ongoing parliamentary scrutiny is needed to ensure that regulators strike the right balance between collaborating and co-ordinating with government while resisting undue influence that might impair the performance of their functions.

Parliamentary scrutiny should also consider whether the government has granted regulators sufficient resources to discharge their statutory duties, and whether regulators have managed these appropriately. For example, a recent parliamentary inquiry highlighted how a reduction in grant-in-aid to the Environment Agency had principally affected its monitoring and enforcement work, while funding for its delivery programmes such as flood defence had remained high.[36] While parliament might initially expect the NAO to identify the implications of spending constraints on the performance of regulatory functions in this situation, the NAO's capacity to analyse regulators is limited (more on which later). In any case, parliament should decide how concerned it is about the trade-offs being made and seek reassurances or corrective action accordingly.

Parliament does often call the relevant minister to give evidence alongside public body leaders, which is good practice particularly when there are questions over the relationships between regulators and the government.[37] If there is any ambiguity over responsibilities or a potential difference in view, select committees should be clear which of their questions or subsequent recommendations are for the minister, which are for the regulator, and how any tensions might be resolved.

Representing the public interest

As democratic representatives, MPs have a special role in examining whether the regulatory system serves the public and in advocating for citizens' interests and concerns. Parliament's convening power and public voice enable it to create a level of public accountability that cannot be achieved elsewhere. It can also use its platform to draw public and government attention to topics that might not otherwise receive it.

MPs should make a concerted effort to engage with their constituents on regulatory issues and open up routes to allow members of the public to alert them to potential problems. They must, of course, act as an intelligent filter of the information they receive from constituents, lobbyists, journalists and others, remembering that corporate lobbyists may be more sophisticated in their efforts to persuade MPs of their positions than individual constituents or consumer groups.[*] But whatever its imperfections, parliamentarians' promotion of the public interest is core to our representative democracy and there is no substitute for their judgment in this.

Representing the public interest can, however, lead parliamentary committees to inconsistent views about how a regulator is prioritising its objectives. For example, some committees have been critical of the impact of infrastructure investment on consumers' utility bills,[38,39] but others have criticised regulators for prioritising low bills over ensuring utility companies invest sufficiently in infrastructure.[40,41] It is legitimate for different committees to look at the same regulators from different perspectives but, just as committees should better co-ordinate efforts and avoid duplication, so should they recognise when a regulator may have received a conflicting steer from a different committee, or from the same committee in the past.

* More could be done to enhance the voices of consumers and service users; the Institute plans to return to this problem in future research.

Achieving focus on parliament's unique tasks

Of these three areas of oversight that parliament is best placed to perform – scrutinising statutory objectives and powers, institutional inter-relationships, and matters of public interest – it is public interest that tends to receive the most attention. A former MP described to us how "parliament tends to prioritise based on the public interest" and as a result members "naturally are focused on the constituency and their campaigning work, and not on parliamentary process… including engaging in legislation and scrutiny".

To an extent, parliament's emphasis on issue-based, reactive scrutiny is as it should be. Committees do well to play to their strengths, and a great deal of routine oversight can and should be conducted by others. The problem is that without a readily apparent problem affecting the public or causing a political scandal, select committees may not see the value in examining some regulators' statutory bases or relationships to central government, with many uncontroversial regulators remaining somewhat 'out of sight, out of mind'.

Oral evidence remains the principal way committees operate, and provides an important opportunity for members to engage personally with the senior leaders of the regulators they oversee. This can help MPs and peers to build their understandings of the organisations and their leaders in a way that is difficult to achieve through written evidence. Calling in each regulator for a general scrutiny session at least once per parliament would be a sensible baseline. Some regulators whose work is particularly prominent or salient will quite naturally be examined more frequently.

Since the 2019 general election, 81 out of 116 regulators have not been called for a general scrutiny session by the relevant departmental committee. Assuming a five-year parliament, rectifying this would require an additional 16 sessions across the select committee system each year. In the cases of both the Health and Social Care and the Justice Committees, just over half of the regulators they are responsible for are professional standards bodies supervised by an intermediary 'oversight regulator'. It would be reasonable for these committees to call some of these bodies in combination and to place some reliance on more detailed scrutiny carried out by the oversight regulators, providing them with the opportunity to flag potential

issues with individual bodies. If that approach was taken, no departmental committee would need more than two additional sessions each year to stay on track. Other smaller regulators could also be examined together where they share similar functions.

Given that departmental committees typically hold between 30 and 60 oral evidence sessions each year, this is a manageable commitment. The variation in the number of sessions held by different committees suggests that not all are at maximum capacity, so there may be scope to simply add the required sessions without removing others. But proactively establishing an understanding of the work of regulators within their remit could also save committees time when responding to other issues as they arise, or enable them to scale back their reactive scrutiny of the same organisations.

It may sometimes be possible to wrap general scrutiny into sessions held as part of an inquiry, deepening the committee's understanding of a regulator's work as a whole at a time when it is also exploring a specific matter of concern. In such cases, committees should clearly signal that the inquiry is intended to include general scrutiny of the relevant regulator and record afterwards that it has done so.

If committees are unable to find the time to meet this baseline of oversight, they should reflect on the implications of this. It may be that some smaller regulators should be merged into larger organisations that can be covered with the frequency we propose. Alternatively, committees might prefer to rely more on oversight regulators, or stop delegating regulatory powers to organisations they lack the bandwidth to oversee.

If a committee decides against calling a regulator at all during a parliament, it should explain why, review self-reporting by the regulator, follow up on any points of concern in writing and offer a private meeting with the chair of the committee instead.

Commons committees responsible for scrutinising regulators should routinely examine each one within their area of responsibility at least once in every parliament.

They should review the regulators' remits, statutory objectives and powers, their relationships with central government and parliament and whether they are upholding the public interest. By default, they should aim to do so through dedicated, public general scrutiny sessions. In some cases, committees may decide to examine groups of related regulators together in a single session, or to include general scrutiny of a regulator when calling it in the context of a wider inquiry.

If a committee chooses not to call a regulator for general scrutiny within the first four years of a parliament, it should then review the regulator's most recent 'parliamentary accountability report' (see our recommendation below) and consider whether the regulator should be called. If it is not, the committee should instead write to the regulator with any specific questions and offer a private meeting with the chair of the committee to discuss any sensitive issues.

Committees should report publicly on gaps in their scrutiny of regulators

At the end of each parliamentary session, the House of Commons and House of Lords each report statistical information on their activities and finances through sessional returns.[42] As part of this exercise, some committees already report on the number of appearances by ministers, officials or representatives from public bodies they have called as witnesses. However, they do not disclose which public bodies within their remit have *not* given evidence, or why. Neither do they necessarily provide any narrative on what they have learned, what responses have been made to their recommendations, nor on wider systemic lessons to be drawn from their scrutiny.

In the past, Commons select committees published annual reports setting out what they had achieved during a parliamentary session and reflecting on what could be done better, which were then reviewed by the Liaison Committee.[43] Soon after this practice fell away in 2015, the Liaison Committee recommended, in 2019, that it should be reintroduced. Departmental

committees and those with a policy scrutiny remit were encouraged to produce short, visually engaging publications annually – but this recommendation does not appear to have been widely adopted.[44] Publishing such a report at the end of each parliament, instead of on an annual basis, may make it a more manageable task for committees.

Within the sessional returns published at the end of each parliamentary session, Commons committees responsible for scrutiny of regulators should report which have and have not appeared before the committee, and whether they have done so for a general scrutiny session or in another capacity.

Departmental committees should publish a short report evaluating their performance against the core tasks (including our proposed new task to examine the work of regulators associated with the department) at the end of each parliament. This should explain why any regulators that have not been called in for a general scrutiny session have not been prioritised.

3. Rely on scrutiny performed by others

Scrutiny of how effectively each regulator is achieving its objectives and of its organisational strategy, including its assessment of upcoming risks and its plans to deal with them, need not always be carried out directly by parliament. Most, if not all, select committees will simply not have the time to carry out meaningful, proactive scrutiny of regulatory performance across the board. But committees should ensure that someone else is carrying out this work and that issues requiring their particular attention are flagged to them.

Committees should set clearer expectations of self-reporting by regulators

Parliament's oversight of regulators could be better targeted if regulators themselves periodically provided key information on their governance and performance in a form that helped committees decide when to intervene and investigate potential problems. Reporting this information publicly would also aid scrutiny by other stakeholders who could draw public attention to concerns.

A regulator's annual report and accounts – typically laid before parliament by its sponsoring minister – already supply a wealth of information on its governance and performance. But most annual reports are not easily digestible for MPs, peers or the general public, often running to a hundred pages or more. In evidence to the Industry and Regulators Committee, C&AG Gareth Davies more generally criticised a common "tactic" whereby some regulators "bury" important data in "pages and pages of spreadsheets".[45] Simply lumping more information into an already long document does not mean parliamentarians will read it – quite the reverse.

Many regulators recognise that proactively providing key information can support more constructive and effective oversight. One told us they were preparing a short, data-driven report for parliamentarians that would set out: government's stated aims for their sector; the regulator's progress in achieving those aims; how progress might be improved (including with more resources or different legal powers); and risks falling outside government's express priorities and how these might be addressed. But when regulators are guessing what information parliamentarians might find useful and providing it on an ad hoc basis, such initiatives can only be somewhat effective. It would help if clearer expectations were set.

The specifics of each regulator may be very different, but the key information that would help parliament and other bodies to assess the constitution and performance of any regulator would include:

- The regulator's objectives, the main trade-offs between them and how it balances these
- The regulator's view of whether its objectives are appropriate
- What strategic guidance the regulator has received from government and how this has informed its work
- Key performance indicators relevant to its objectives and to any strategic guidance received, and the regulator's performance against them
- Data on consumer or service user outcomes, if not already included in the key performance indicators

- Proposals for how performance against objectives could be improved (under existing constraints as well as with changes to resources, duties or powers)

- Major risks to meeting the regulator's objectives in future, and how the regulator plans to mitigate these

- Major perimeter issues the regulator has identified, including any risks that may be falling between institutions.

Both parliamentarians and other stakeholders have expressed concern that relying solely on self-reporting means that regulators 'mark their own homework'.[46] If regulators provide this information, committees will therefore also need assurance that the information provided is accurate, particularly as it pertains to the regulator's own performance.

Regulators' annual reports and accounts are typically audited by the NAO, which provides an independent audit opinion for a portfolio of around 400 public sector accounts each year, including all government departments and public bodies.[47] While the C&AG focuses on auditing the financial statements of bodies and does not give formal assurance over the rest of the annual report, they do have a responsibility to read all the information it contains and consider whether it is materially inconsistent with the financial statements or any knowledge obtained during the audit.[48] If the C&AG identifies material inconsistencies or misstatements, they are required to report this.

Making new reporting requirements part of the annual report would therefore give parliamentarians basic assurance that they have passed a 'sniff test' by the NAO, without requiring extensive new audit work. The information for parliament might be presented in a short and readable annex, which could also be presented to committees as a standalone document.

The Liaison Committee in collaboration with the NAO should set out common expectations as to the information committees wish to receive from regulators, according to a standard format where possible, to be included as a 'parliamentary accountability report' annexed to their annual report and accounts.

Committees should talk regularly with the NAO to inform their regulatory scrutiny

Alongside its financial audit function, the NAO produces around 60 to 65 reports each year assessing the performance of public bodies and programmes, including regulators, through the lens of 'value for money'. This concept captures economy, efficiency and – crucially – effectiveness: the extent to which objectives are achieved.[49] While the NAO does not comment on the merits of policy aims, it does provide independent analysis to parliament of how public money has been spent to achieve them and with what results. The C&AG has the right to access information held by public sector organisations in the course of its work.[50]

The NAO has recently published value for money reports focusing on the regulation of financial services, environmental sustainability and the energy supplier market. Alongside reports on specific regulatory bodies or frameworks, it also produces thematic reports on regulatory practice, for instance setting out principles of effective regulation[51] and guidance on using alternatives to regulation to achieve policy objectives.[52] The topics of reports are selected by the C&AG, with input from parliament, based on an assessment of the biggest opportunities to save money, tackle poor performance and identify and spread good practice.[53] According to the C&AG, regulation features "prominently" in the NAO's work programme "not so much because of the size of the regulators as spending organisations but because of their influence and their ability to exercise leverage on outcomes for the public".[54]

This selective approach means the NAO does not examine the performance of every regulator on a regular basis, and has less reason to focus on regulators that do not spend much public money or have less leverage over key areas of economic performance or consumer protection. But the NAO is also the external auditor of government departments and public bodies, which include most regulators. In this capacity, NAO financial audit teams work with regulators throughout the year and attend all their audit committee meetings, as a result of which they "have a good sense of the risks that the regulators are managing and how they are approaching that through their work".[55]

This means that the NAO is able to monitor, identify and investigate potential areas of concern more systematically than select committees can. Select committees other than the PAC do already refer to NAO reports and occasionally call its representatives in as witnesses. But they would also

benefit from engaging privately with those in the NAO who lead its financial audit work, as well as meeting the relevant value for money directors to discuss topics of interest, cross-cutting risks and ideas for reports that the NAO has not taken forward.

Policy Exchange has suggested that the NAO's remit should be expanded, and that it should be empowered and funded to conduct and publish regular audits of all regulators' performance.[56] That would certainly generate information that would better support parliamentary oversight of regulators – but at considerable cost. The NAO's current responsibilities, resources and expertise already enable it to monitor and flag particular concerns around regulatory performance. Committees should rely on this.

If parliament feels the NAO has failed to prioritise its work programme effectively, it can hold it to account for this via the Public Accounts Commission.[57] We also propose a more incremental expansion in the NAO's regulatory work later in this report.

Committees beyond the PAC should consider regular private communication with the NAO ahead of and outside of inquiries, to help inform and prioritise their regulatory oversight.

Committees should rely on 'oversight regulators' where they exist, but must scrutinise them

Independent oversight bodies supervise specific groups of related professional regulators. In particular, the PSA reviews and reports to parliament on the performance of 10 statutory bodies that regulate professions including doctors, nurses, pharmacists and paramedics (of which eight are accountable primarily to the PSA rather than to a UK government department or a devolved administration directly),[58] while the Legal Services Board (LSB) regulates those organisations that directly regulate lawyers practising in England and Wales, including the Solicitors Regulation Authority and the Bar Standards Board.[59] The professional standards regulators overseen by the PSA and LSB are not public bodies and so are not directly sponsored by or accountable to government ministers.

Scrutinising oversight regulators may be more efficient for committees than scrutinising each individual regulator they oversee. But committees should consider the extent and nature of the oversight provided, which may not be sufficient to provide full assurance over the activities of the sometimes much larger bodies that are accountable to these organisations. This approach also relies on committees taking the time to scrutinise the oversight regulators effectively, both to assure themselves that oversight is being carried out well and to provide the opportunity for oversight regulators to flag serious concerns. Notably, the PSA has not yet been called to give evidence by any select committee during this parliament.

Committees should rely on oversight regulators, where they exist, to oversee the performance of the statutory regulators accountable to them on an ongoing basis. But committees need to scrutinise the oversight regulators themselves and should consider whether direct scrutiny is also needed.

Committees should make use of regulatory reviews conducted by government departments

The Cabinet Office Public Bodies team co-ordinates periodic reviews of the governance, accountability, efficacy and efficiency of public bodies, including many regulators. In the Department for Business and Trade (DBT) the Smarter Regulation directorate leads the regulatory reform agenda across government, working with departments to monitor regulatory burdens and co-ordinate their reduction (although financial services regulation is handled by the Treasury).[60]

This work involves government forming a view on many of the issues of concern to parliament – including, in the case of the public bodies review process, the cost efficiency of individual regulators and whether they create an undue regulatory burden. Since departments are controlled by the government, it would not be appropriate for parliament to rely solely on their work, but the relevant committees should consider the extent to which it addresses their concerns.

Many interviewees we talked to were sceptical as to whether DBT was the appropriate department to lead on regulatory reform. Some felt that because of its policy remit, DBT tends to focus on economic regulators and, as a result, brings an economic focus to regulatory reform when not all regulation is economically driven. Others argued that the Cabinet Office would be better equipped to co-ordinate an inherently cross-departmental agenda, especially since there is significant cross-over with its existing work on public bodies.

The location of this work within government is beyond our scope here, but as well as scrutinising and drawing on individual reviews by these departments, parliament may wish to examine how well departments work together to deliver the regulatory reform programme across government.

Better co-ordination between parliament and government could also help to maximise their respective efforts. From late October 2023, a call for evidence on smarter regulation and the regulatory landscape by DBT[61] ran concurrently with an inquiry into UK regulators by the Industry and Regulators Committee.[62] This resulted in some respondents submitting evidence twice, in some cases even cutting and pasting from one response to the other. Ideally, parliamentarians and government would have informed each other of their plans and co-ordinated them to ensure that their work was additional.

The relevant departmental committees should scrutinise ministers on the regulatory reviews carried out by government departments. They should co-ordinate with and, where appropriate, rely on the findings of those reviews rather than duplicating them.

Committees should consider the work of regulators' departmental sponsorship teams

Sponsorship teams in departments, even where they do not take responsibility for the performance management of a regulator, keep a 'watching brief' so that the sponsoring minister is able to account for its work if necessary. But none of the three sponsorship teams we spoke with for this report had engaged directly with parliamentary committees. One public body leader commented that "our accountabilities to parliament and government aren't so much complementary as two completely different kettles of fish".

While parliament can call any individual to give evidence, under the Osmotherly rules[63] civil servants only appear before parliament on behalf of their minister and under their direction (except for accounting officers and senior responsible owners of major projects who are directly accountable to parliament in some specific respects). Although doing so is unusual, there is nothing to stop parliament calling the senior departmental sponsor of a public body – usually a senior civil servant – to appear before them on this basis.

However, private meetings between the senior departmental sponsor and committee staff, endorsed and supported by the relevant minister, might give them a better understanding of the sponsorship team's relationship with the regulator and of the monitoring and performance management it undertakes. This may help them to determine where they can rely on the work of the department or where parliamentary scrutiny is required.

At a minimum, senior departmental sponsors should be able to provide committee staff with factual information on the work the sponsorship team does. They may also be able to discuss how the regulator is performing against its statutory objectives, how it is meeting government priorities for the sector, any upcoming developments and potential risks, and how strategic engagement between the department and regulator is functioning.

Ahead of planned sessions with regulators that are public bodies, committee staff should meet privately with their departmental sponsorship teams.

Committees should develop relationships with the chairs of regulators

A regulator's chair and board oversee its executive on an ongoing basis, meeting multiple times each year. They are able to develop a more detailed understanding of the work of the organisation, its performance and the risks associated with it than parliament has the bandwidth to achieve. Parliament should hold chairs to account for how they scrutinise executives as well as for meeting promises made in their pre-appointment hearings, if applicable.

Chairs can provide useful intelligence to committees, flagging problems arising from government's priorities for a regulator as well as addressing performance issues in the organisation. However, the chairs of regulators we interviewed felt that their boards' insight into the organisation was

underexplored by select committees – and that if committee chairs did not take an interest in fostering a relationship then it was difficult for them to build trust or communicate concerns.

Some had not even met their departmental committee chair since their pre-appointment hearing, despite offering to appear before the committee or meet informally to update them on progress since taking up the role. In the words of one: "Since then they have taken zero interest in our work whatsoever... it's not good enough, it's irresponsible on their part, and frustrating for us."

Another chair explained: "We have views on what is working or not working in the system. But we have no natural mechanism to report these views to parliament if the committee chair isn't meeting with us." In particular, they found sensitive issues around the behaviour of ministers tricky to broach to committees outside the framework of an existing relationship:

> "To ring up the chair of the committee to discuss concerns... that's really difficult, it's the nuclear option. It's much easier to use a regular meeting already in the diary to raise and prompt and get a view on issues on this basis."

There were particular concerns that when something did go wrong it would be harder to engage effectively with a committee when there was a low baseline of trust and understanding. As one chair put it: "I don't want my first contact with [the relevant committee chair] to be in a crisis."

Following the appointment of a new chair of a regulator, the relevant select committee chair should write to them, setting out their intentions for an ongoing relationship and clarifying the circumstances under which they would like the regulator to bring matters of interest to the committee's attention.

Select committee chairs should meet privately with the chair of each regulator within their remit at least once after they have taken up their role, and annually thereafter for larger regulators.

4. Conduct oral evidence sessions more effectively

We have set out which regulatory scrutiny functions only parliament can perform, how frequently committees should undertake these, and how they might rely on other bodies to carry out other aspects of oversight on an ongoing basis. However, there is also room for improvement in how parliament performs the scrutiny it does carry out. Much of this is of a high quality and at its best parliamentary scrutiny asks tough and timely questions which, given parliament's power and public profile, can bring about real change. But there are still lessons parliament could learn to perform this function much more effectively.

This section draws together examples of best practice we heard about in our interviews. We set out practical steps that committees should take in preparation for, during and outside oral evidence sessions to maximise their effectiveness. We have not pulled out specific recommendations from the text in this section, because all of it is intended to advise committee members and their secretariats – and it is their choice whether to act on this advice. But we do recommend that this best practice be catalysed by the Regulatory Oversight Support Unit we propose later in this report, which could provide training, practical support and encouragement as required.

Preparation for sessions

Committees should ensure they understand the regulator's remit

Leaders of regulators told us that parliamentary committee members are often confused about their regulators' functions and powers, in particular how their remits interact with those of their sponsoring departments, and about where objectives and policy are set. In the words of one: "Parliamentarians either assume we do more or less than we do." Another commented that they liked to engage with committee staff to clarify matters in advance of a hearing because then they "felt on the front foot… as opposed to being battered around and blamed without understanding the regulatory framework that underpins our work".

We heard that committees were most likely to properly understand a regulator's role if members had either a professional background in the sector or years as a minister or backbencher working on relevant policy, or when there was regular, ongoing engagement between the committee and the regulator. Interviewees often cited the TSC as demonstrating both of these

characteristics, but other committees struggle to replicate them. There are few parliamentarians with a professional background in most regulatory fields, and as committees turn over at least once every parliament they lose the institutional memory they have built up.

Regulators that proactively provided written briefings or offered oral pre-briefings to committee members ahead of evidence sessions said they received little response. Ultimately it is up to committee members to engage with briefing materials. If the information they want and need is not being provided, or is in a format they find difficult to digest, they should tell committee staff and regulators what they want done differently. They would benefit from doing so: regulators found well-informed committees were able to engage in "a real discussion" resulting in "concrete outcomes" to support their agendas – such as securing a commitment from a chief executive to publish new regulatory guidance.

Committees should agree a strategy for each session

Before even scheduling a hearing, committees should be clear what they aim to achieve from it. When an issue achieves prominence in the media, for example, it can be tempting for committees to hurriedly call an evidence session in response, on the well-intentioned but ill-defined grounds of representing the public interest. Committees should drill down at this early stage and define a clear rationale for the value their session will add.

Clarity as to its aims can help a committee to maximise its impact both during a session and when following up afterwards. As one chair of a regulator put it, select committees have little power, in practice, to instruct or sanction independent regulators "beyond a bit of public embarrassment". Understanding where and how the committee is most likely to have influence can help to determine both realistic aims and an effective approach to achieving them.

More effective committees will generally agree their lines of questioning privately in advance. If they want to establish better public understanding of a specific problem, this may call for a different approach than if they want to put pressure on the regulator or relevant minister to act faster and harder to address an issue, to follow up on the regulator's implementation of recommendations from a past committee report, or simply to represent a range of constituency concerns to the regulator.

Committees should communicate their aims to the regulator in advance

We heard that parliamentary scrutiny was most effective when committees set clear expectations as to the purpose, focus and format of sessions. Regulators valued this: one described how it was helpful for a witness to know ahead of time that they would be appearing alongside a vocal critic of their organisation, for example. While it may be tempting to try to 'catch out' the regulator publicly, giving them the chance to prepare on the matters of most interest to the committee makes for better discussion and leads to fewer instances when they must write back to the committee with answers to their questions at a later date. One regulator told us that clarity around the purpose and terms of engagement would "allow us to plan and make better use of the sessions we do have with select committees, and for committees to get more out of us".

Committees should schedule sessions to maximise their effectiveness

There is a strong incentive for committees to investigate an issue while it is live – and some good reasons to do so, including promoting transparency as to the causes and handling of problems that may be immediately affecting the public, and drawing more attention from the media. Regulators told us that committee hearings can quickly and effectively channel public concerns and provide the regulator with an opportunity to explain publicly what they are doing about a problem.

But there are also drawbacks to reactive sessions in the thick of a crisis. Public pressure can make it more difficult for the regulator to fix a problem. Forcing a resignation, for example, may be presented as decisive action but can be disruptive to the organisation as it works to respond. Regulators prepare for hearings intensively and the experts who are needed to answer a committee's questions – or to prepare senior leaders to answer them – may be precisely those needed to deal with the problem at hand.

From a committee perspective, staff also reported how calling in a regulator too early in a crisis can leave insufficient time for the secretariat to build the necessary understanding to effectively inform members' questioning, sometimes leaving the committee with unanswered questions down the line. One clerk gave an example where they felt it would have been beneficial to call a regulator's chair and chief executive at the end of an inquiry, rather than at the start.

Regulators agreed that hearings could generate more helpful lessons learned when they took place after the dust had settled. They suggested that by the time there can be a parliamentary hearing on an issue, the hearing rarely changes their immediate response to it anyway, although political pressure may push them to respond more quickly and to better publicise their efforts. One chief executive told us: "Candidly, by the time you get to parliament it is unusual to find a committee anticipating something you haven't already anticipated." However, they found well-informed parliamentary sessions that took place after the facts were clear could be helpful for thinking through potential reforms, making the case for the resources to prevent a problem recurring, or proposing changes to their legal or policy framework.

Pre-appointment hearings raise a distinct scheduling issue. Their timing clearly depends on when an appointment is required, but committees should work with government to anticipate any recruitment deadlines. They can then insist on enough time to convene a hearing and to issue a meaningful response sufficiently in advance of an appointment being announced to influence its outcome.[64]

During sessions

Committees should consider regulators' duties, powers and resources

Select committees should reflect how regulators work in the way that they scrutinise them. Parliamentarians are often – understandably – concerned first and foremost with the outcomes of regulation and its impact on industry, consumers and the public. But regulators are often simply implementing the current legislation approved by parliament, and should not be criticised as if they were free agents.

It is important to examine whether regulators have been given the right level of independence, the right objectives, and the powers and resources to achieve them, before coming to a judgment about their performance. Regulators told us that parliamentary scrutiny typically focuses on just one of their several statutory duties – and sometimes not even the principal one. For instance, the chair of a safety regulator told us that select committee questions tended to focus on their role in promoting competition and innovation, rather than on their core duty to regulate safety.

If a committee has been unable to fully understand a regulator's remit and powers before a session, or thinks a regulator is misinterpreting them, it could open by asking the regulator to articulate what it thinks its duties are. This would air any tension between the committee's expectations and the regulator's own. The committee should then probe the regulator on where there are trade-offs between its objectives, and how judgments are made to balance them appropriately, before scrutinising its performance against them.

Committees should test the regulator's strategy – including in pre-appointment hearings

One regulator spoke for many in saying: "We never get asked anything about strategy." Several others told us they would welcome strategy based questions such as "Where do you see the future of regulation in your sector in relation to these emerging technologies?" or "How are you going to address X risk?"

If committees understand what a regulator is trying to achieve, how, and with what resources, they can better interrogate the specific outcomes that may be of interest to members and to the public. They will also be able to test whether the regulator has the right internal structures and processes in place to achieve its aims. This is the level of decision making at which the senior leaders who give evidence to committees have significant personal influence and responsibility.

Pre-appointment hearings are a key opportunity for committees to express their opinion both on, and to, a regulator's proposed leadership. Committees sometimes underestimate how these hearings can help them to influence an appointee once in post. Several chairs of regulators told us that their pre-appointment hearing was helpful in forcing them to think through, defend and develop their strategy for the organisation at an early stage, as well as providing an opportunity to publicly set out their commitment to independent decision making and any red lines. At least one chair we spoke to found it useful to later point back to that commitment when facing pressure from ministers.

Committees should ensure their questioning not only examines the candidate's experience and suitability but also takes the opportunity to look forward to what they hope to see the appointee achieve in the role. They should both raise key concerns and ask candidates to put their views and plans

on the record. Committees might also express their intention to follow up on an appointee's progress on specific issues – and note this for their own records and for future committee members. They can influence behaviour more effectively by taking a repeated and consistent interest.

Committees should co-ordinate their questioning

Co-ordination is important for maximising the impact of committee questioning. One regulator described how committees sometimes

> **"do not ask very thorough questions or think them through enough in advance. It's quite common to see that questions don't follow on from another – members jump from one question to the next and you don't get pushed very thoroughly on your position".**

Others agreed that a more co-ordinated approach from committees would yield better information from regulators.

Committees generally do agree the lines of questioning they plan to pursue in advance, in light of the purpose and strategy they have agreed for the session, and sequence them in a sensible way. But they do not always stick to these plans in live questioning. They should do so: a clear focus on key questions, allowing sufficient time for follow up by multiple members, can elicit more meaningful responses than a scattergun approach – even if this comes at the cost of other lines of questioning.

Committees should avoid a combative tone except where necessary

Parliament's convening power and public voice enable it to create a level of public accountability for failures that cannot be achieved elsewhere: there is a strong incentive on regulators not to be in a position where they must defend a failure in parliament. But there is a perception among regulators that parliamentarians are more interested in using reactive sessions to assign blame than to reach a better understanding of the nature of problems and the changes needed to prevent them happening again.

It is important that regulators are asked hard questions and required to answer for failures. But we often heard the sentiment that one chief executive expressed succinctly: "It can become a set of aggressive questions and defensive answers."

Others said hearings could become a game of "gotcha", which might involve an element of political grandstanding in which members played to their outside audiences on television or social media. An official working at a regulator explained how

> "the fact of upcoming scrutiny is good as it creates a stock take type situation... you pull up the dead bodies as part of preparation" but in the committee session itself "the aim is no headlines. Organisationally, you send the person in there to be as boring and bland as possible."

If committees want to understand a problem better and convene a constructive discussion, they should be mindful of these perceptions and tailor their tone to encourage collaborative, rather than defensive, engagement. A former parliamentary clerk told us:

> "Accountability tends to be expressed as adversarial, as something you do to someone – but is a state of mind. Regulators need to *feel* accountable to parliament. They need to be prepared and even volunteer to talk to select committees, give private briefings, and interact with members outside of hearings. The adversarial approach creates more friction and therefore creates more work."

Outside of sessions

Committees should maximise the impact of their findings

Parliamentary committees do not approve legislation and do not directly control regulators. Committees can require the government to respond to the recommendations of their inquiries, but the government can accept or reject these. Committees should therefore consider carefully how they will influence government and ministers outside of their hearings. This might be by seeking publicity in the media for their findings, by hosting events on relevant subjects, or by influencing key decision makers. But it is a mistake for committees to consider their work complete when a hearing or inquiry is over.

Even pre-appointment hearings are usually not binding on the government. Unless they have a veto, committees' main source of leverage over whether an appointment goes through is public persuasion, so the committee's published response is extremely important. Even then a negative response only rarely dissuades a government minister or their preferred candidate from making or taking up an appointment.

Committees should evaluate their own work

Our interviews with parliamentarians and committee staff suggested that most members have limited involvement in any evaluation or follow up after oral evidence sessions. In most cases, where this takes place, it is driven by parliamentary staff and consists of a short 'wash-up' conversation and perhaps setting up a spreadsheet to track government responses to any recommendations. Naturally, committees are forward looking, but proper reflection on how sessions panned out could help them be more effective.

Committee members sometimes debrief following an oral evidence session, but we were told this practice is "sporadic". At a minimum, the chair should commit to joining wash-up sessions with the secretariat every time. Ideally all members should be asked to participate, if only as a short agenda item at the start of the next committee meeting. As well as reflecting on what they learnt from the hearing, members should briefly assess the effectiveness of their approach – whether they called the right witnesses at the right time, whether the questions and their tone elicited the responses they intended, and generally whether the session achieved its desired objectives and what they should have done differently. This would help them to determine any follow up that might be necessary, as well as identifying areas of improvement for future sessions.

Committees should assess their general effectiveness in conducting regulatory scrutiny on an annual basis, comparing their approaches across various hearings and considering how far they have achieved their aims, what lessons they can draw and whether they should adjust their approach in future. A paper setting out some initial analysis on these points could be drafted by committee staff for discussion by members.

Committees should learn from their own experience, and that of other committees

Some committees – such as the TSC – have built significant expertise in regulatory scrutiny, while others are less experienced. Better communication and collaboration across committees could help spread best practice in regulatory oversight across parliament. Committee chairs and members should liaise with their counterparts, but there is also a role for committee staff in sharing skills and knowledge on an ongoing basis. Organised 'clusters' of committee staff already meet regularly to share information and to ask for advice. Both committee members and staff should use the networks and fora available to them to learn from other committees' approaches to regulatory scrutiny, aided by the Regulatory Oversight Support Unit we propose below.

Institutional memory can be a problem for committees. New chairs and committee members are not always interested in engaging with the methods and conclusions of their predecessors, and may on the contrary want to set a new direction. One clerk told us:

> "Every few years there's talk of improving how to follow up on recommendations and their implementation... But it doesn't really carry over between elections into the new membership. A new chair doesn't often care to look back."

To help address this, committees should document their strategy for regulatory oversight and what they feel they have achieved to date, to support new members. When a new committee chair is elected, or a new committee is formed at the start of a new parliament, they should make a conscious effort to understand and learn from the work of their predecessors.

Committee members and staff should receive training in regulatory oversight

Regulatory oversight is a distinct activity, which can be better performed with the right experience and training. Commons committee staff benefit from internal resources and procedural seminars organised by the Committee Office, which staff use to brush up on particular skills or to discuss common challenges. The House of Commons Scrutiny Unit organises training in legislative and financial scrutiny for committee staff – and sometimes for members. However, nobody we talked to was aware of any resources or training to help either committee staff or members to scrutinise regulators. One regulator had offered a series of seminars to parliamentarians on key concepts relevant to its work and the sector it oversees, presented by senior officials, but was disappointed when only a handful of MPs and peers turned up.

The vast majority of those we interviewed were in favour of more training in regulatory oversight being offered to committee staff and members. One chair of a regulator said:

> "I would not expect a new NED [non-executive director] to be effective without induction into the organisation and system they're working with... committee inductions do not need to be this in depth, but at least a few hours."

However, few had confidence that committee members would find time in their packed schedules to take up any training offered. In the first instance, training should therefore target committee staff, but if members are serious about performing regulatory scrutiny more effectively they should also request training from the Regulatory Oversight Support Unit (or, if this is not established, the Scrutiny Unit). In convening these sessions, the unit might draw on membership organisations such as the Institute of Regulation and UK Regulators Network, which would be well placed to supply relevant expertise from a regulator's perspective.

5. Build structures and resources to support committees

We have identified many examples of good practice, as well as some areas for improvement. But it will be difficult for committees to act on these without support. This section proposes the institutional structures and resources parliament should establish to help them do so.

Previous reports in this field have argued that regulatory scrutiny should be more extensive and detailed, with more input from experts. It is widely recommended that committee secretariats should be expanded in size and should include specialists in the regulation of the relevant sector. Some have suggested additional layers of oversight, either through new parliamentary committees or new independent bodies responsible for scrutinising regulators.

These suggestions have some merit. On balance, though, and from the perspective of parliamentary oversight specifically, most of the benefits they promise could be achieved using the more incremental structures we propose. There is already a cross-cutting Lords committee focused on regulators. It is already possible for committees to take on specialist advisers or secondees where necessary. And there are already a range of oversight bodies responsible for monitoring and reporting on different aspects of regulatory performance. Parliament could use these existing resources better, with some enhancements, to support its work.

The active and well-targeted involvement of parliamentarians themselves is the key to more effective parliamentary oversight of regulators. The main institutional changes needed are mechanisms to improve parliamentarians' understanding of their role in regulatory scrutiny, to promote best practice, to prompt committees to include regulatory scrutiny as part of their work programmes and to hold parliamentarians accountable for fulfilling this

responsibility. To this end, we conclude that establishing a new bicameral Regulatory Oversight Support Unit in parliament, as well as enhancing the NAO's work in this area, would be sufficient – whereas establishing an entirely new body to carry out regulatory performance assessments could both duplicate existing work and dilute accountability for it.

Departmental select committees should remain responsible for scrutinising individual regulators

The Regulatory Reform Group,[65] Policy Exchange[66] and others have proposed that a new cross-cutting parliamentary committee should take on regulatory oversight as a discrete function, assessing the performance of individual bodies as well as the regulatory system as a whole. Various configurations have been put forward, with Policy Exchange proposing that the PAC might take on this role, while the Regulatory Reform Group has argued for establishing a dedicated joint committee that would bring together members of both Houses.

We understand that these proposals intend to supplement, rather than replace, the sectoral scrutiny carried out by departmental committees, but in practice they could lead to ambiguity in responsibilities. Several interviewees were sceptical of a new Commons or joint committee for this reason. If a new joint committee took on responsibility for some or all of the routine parliamentary oversight functions we have described in this report, calling each regulator on rotation for a general scrutiny session every few years, this could also de-couple regulatory scrutiny from scrutiny of the sponsoring department.

There is also a problem of capacity. The C&AG has described how single committees that focus on the effectiveness of regulation in other parliamentary systems "can be very stretched, given that they have a huge range of areas to cover".[67] Making the PAC responsible for regulatory oversight would create the same problem, as well as diluting its existing mission. It seems unlikely, in practice, that the PAC would devote sufficient time to overseeing regulators and, if it did so, this would probably be at the expense of its existing responsibility to scrutinise public spending.

Establishing a dedicated joint committee would combine the democratic mandate of MPs with the existing regulatory work of the Industry and Regulators Committee in the Lords, rather than duplicating this work in separate committees across both Houses. But to create such a committee would require government and cross-party support. Permanent select

committees in the Commons are created by decisions of the House on government motions tabled by the Leader of the House.[68] Partisan attempts to create new committees are doomed to failure. For instance, an Opposition Day motion moved by Labour in 2023 to establish a new committee on the tax status of private schools did not pass.[69]

Even if sufficient consensus could be built to create a joint committee on regulation, parliamentarians and parliamentary staff we spoke to doubted that MPs would find its remit engaging enough to attend and participate regularly. While the Lords recently established a new Financial Services Regulation Committee, the initial proposal was for a joint committee on this topic – but this was rejected by the Commons.[70] Previous attempts to set up a Commons Budget Committee to examine and report on the merits of government spending plans also fell down due to concerns around cost, perceptions of undercutting other committees and a lack of political interest.[71]

A possible alternative would be to set up sub-committees of existing House of Commons committees to consider regulatory topics. But Commons sub-committees consist of a subset of members of the main committee: one former committee chair described them as "the same people, with different hats on". They have no independent resource and any proposals they make must be approved by the main committee. The TSC did establish a new sub-committee on financial services regulation in 2022 that carries out detailed scrutiny of individual rule changes proposed by regulators, but as noted above financial services are politically high-profile and command particular attention from parliamentarians. Replicating similar sub-committees in fields where parliamentarians are less engaged is unlikely to work well.

Parliamentarians also have the option to establish separate, temporary committees to take evidence and report on a particular subject by a certain date.[72] Temporary committees are dissolved on completing their work and so cannot follow up on their recommendations once they have ceased to exist. But the time-limited and purpose-driven nature of temporary committees make them well suited to scrutinising topical areas of regulation, and they can attract members with a fresh interest. For example, the influential Parliamentary Commission on Banking Standards was established as a temporary joint committee in the wake of the London Inter-Bank Offered Rate (LIBOR) scandal to look into banking standards and to conduct pre-legislative scrutiny of the Financial Services (Banking Reform) Bill.[73]

As with permanent committees, setting up a temporary committee requires building consensus among parliamentary colleagues and winning sponsorship from government, so efforts to establish them rarely succeed. We heard from interviewees about recent negotiations to establish a post-legislative scrutiny committee on the Online Safety Act, which would sit for two years and monitor whether Ofcom was using its new powers and performing its new duties as parliament intended. But the proposal was opposed by the chair of the Culture, Media and Sport Committee, who felt this undercut its remit, and progress stalled when government support also fell away.

New committee structures, then, are hard to establish and will only benefit regulatory oversight to the extent that there is sufficient interest from parliamentarians to participate in them. They could also dilute the responsibility for regulatory oversight that currently sits with departmental select committees.

MPs should be included in the work of the Industry and Regulators Committee

The scope that has been proposed for a joint committee on regulators overlaps substantially with that of the existing Industry and Regulators Committee in the Lords. There are practical benefits of peers performing regulatory oversight, including sometimes greater expertise, longer institutional memory, and their greater interest in carrying out detailed scrutiny. Involving MPs alongside peers would give more democratic legitimacy, and potentially more influence, to the cross-cutting scrutiny already being performed by the Lords.

This can be achieved without creating a formal joint committee. Under Standing Order 66 of House of Lords procedure, it is possible for members of both Houses to meet in concurrent sessions on a similar subject to deliberate or take evidence.[74] For instance, in March 2023, the Commons Work and Pensions Committee and the Lords Industry and Regulators Committee had a concurrent – in effect, joint – session on defined benefit pensions with liability driven investments.[75] For it to be quorate, a minimum of three members from each committee must join such a meeting.

When the Industry and Regulators Committee calls individual regulators for evidence, or holds inquiries into them, it could invite the sponsoring departmental select committee to nominate three or more MPs to participate in public evidence sessions and private deliberations. To the extent that MPs

take up the offer, this would ensure that the Lords' work was joined up with that of the relevant select committees, without taking ultimate responsibility away from them.

This approach is not without its difficulties. There may not be enough MPs interested in attending concurrent sessions with a Lords committee on top of their own committee and other responsibilities. Joint involvement in decisions on reports or letters as a result of such hearings could also be difficult to navigate: if there was a difference of opinion between members of the two committees as to the best way forward, each committee would have to vote separately on what to do. However, even if combined follow up could not be agreed, inviting Commons committee members to join relevant hearings with the Lords could improve their awareness of, and so co-ordination with, each other's activities.

Setting up concurrent evidence sessions and private deliberations can take more staff time than running them for a single committee, as it introduces additional complexity in finding meeting times, briefing members, allocating questions and signing off papers. To support this work and ensure that the quality of briefing to members did not suffer, extra staff support for the Industry and Regulators Committee, on a temporary and ad hoc basis, may be required. The committee should also have sight of the self-reporting by regulators to departmental select committees that we have proposed above, so that it can take a second look at this and, if necessary, either investigate itself or suggest to departmental select committees that they do so.

This approach should be tested for a period of three years, following which it should be evaluated. At that point, the need – and practical appetite – for a dedicated joint committee on regulators should be considered again.

The Industry and Regulators Committee should invite the relevant Commons departmental select committee to participate in public evidence sessions and private deliberations when they hear from, or inquire into, specific regulators. This activity should be supported by extra staff (drawn from the Regulatory Oversight Support Unit (ROSU) if established – see next recommendation) on an ad hoc basis as needed.

More expert secretariats could be excessive for many committees

Another approach to enhancing regulatory oversight would be to provide existing committees with larger secretariats that included more regulatory specialists. While the US congress and European parliament, for example, have large secretariats to assist them in carrying out detailed scrutiny of proposed regulations as well as of the activities of agencies, resources assigned to the UK's select committees are comparatively small.[76,77,78]

We support proposals for committee secretariats to be somewhat better resourced. But building very large, expert secretariats could mean more scrutiny being carried out by officials, not by politicians. Staff work under political instruction, but nonetheless some of our parliamentary interviewees felt that over-mighty secretariats could detract from the roles of committee members, rather than empowering them. One told us that "some members resisted US-style staffing and expertise when it came up in the past – they didn't want their staff to be too powerful, as it would remove them from the cut and thrust, take away from MPs taking the lead".

Several interviewees questioned whether, given free rein, many select committees would see regulatory expertise, specifically, as the priority for any extra resource they received, and ring-fencing any new resource for regulatory scrutiny would be very difficult at committee level. In any case, for many departmental committees, the level of technical expertise sometimes proposed would be overkill for the handful of sessions they undertake with regulators each year.

It is already possible for committees to request more support from the House of Commons Committee Office, which co-ordinates recruitment of specialists into the permanent parliamentary staff. Committees can also take on secondees: these most often come from the NAO, but also from the NHS and Office for National Statistics. In the past, the TSC has also had secondees from the regulators it oversees.

But most committee secretariats do not need more technical specialists in the regulation of specific sectors. This kind of expertise can be difficult to recruit from industry and to maintain in the relevant regulator, let alone in parliament, and those we interviewed argued that when committees do require subject specialists on an ad hoc basis:

> **"there are special advisers, lawyers and economists on call – we find we can assemble the right experts when needed. The real question is whether clerks and members can absorb all of that information."**

Committees can and routinely do appoint specialist advisers, paid by the day, or call expert witnesses to support specific inquiries.

Parliament would be better served by a bicameral Regulatory Oversight Support Unit

Both committee members and staff would nonetheless benefit from more training and guidance from trusted experts on the best ways to interrogate how regulators balance their objectives, structure their operations, or navigate perimeter areas. Access to this kind of expert advice would help committees to better plan their work on regulators and hone their approach to inquiries and individual sessions. Some additional resource to brief members, staff oral evidence sessions and draft reports could also be useful for particularly large or complex inquiries into regulatory issues, for joint sessions between committees, or where holding general scrutiny sessions with regulators incurs a particularly high burden on committee staff (for instance in committees responsible for a large number of bodies).

This support would be best provided by regulatory experts with a good understanding of regulatory processes and scrutiny, and perhaps of broad areas of regulation, such as safety or professional regulation. But they would not need deep technical expertise in the work of specific regulators. Instead, they would need the ability to communicate regulatory matters clearly to committee staff and members, as well as to help committees commission the appropriate sectoral experts on a project basis when needed. They might develop training and resources for members and staff, potentially in partnership with bodies like the Institute of Regulation, the UK Regulators Network, or indeed the Institute for Government. They could also work with the House of Commons and House of Lords Libraries on public-facing projects such as explanatory and educational materials on regulatory issues, and with the NAO to ensure that parliament makes best use of its regulatory work.

We recommend that this resource be housed in a bicameral Regulatory Oversight Support Unit (ROSU) that would aid the subset of Commons and Lords committees that have responsibility for regulatory oversight. Locating these staff outside of individual committee secretariats would allow for flexible deployment where needed, given the relevant committees' varying demands and levels of interest. It would also facilitate co-ordination and information sharing across committees on regulatory issues. ROSU could be held accountable for providing a regulatory focus in a way that would be difficult to achieve within individual select committees' secretariats. It would ring-fence some specialist resource to support regulatory scrutiny and would develop a bird's eye view across committees, enabling it to identify and disseminate best practice in regulatory scrutiny and to pinpoint where improvement is most needed.

The Scrutiny Unit already provides somewhat similar support for financial and legislative scrutiny across the House of Commons. For example, its six financial specialists each cover a portfolio of committees and attend their meetings. But experts supporting regulatory scrutiny would need to serve both Houses and to help coordinate efforts between them. Several bicameral offices have already set a precedent for this arrangement, including those responsible for IT, procurement and security work across parliament as well as the Parliamentary Office of Science and Technology (POST), which provides analysis for both MPs and peers.[79]

Achieving trust and take-up by committees would require some initial effort. We were told by one parliamentary staff member that

> **"ultimately specialist staffing is demand led... If there was consistent demand across the piece for a missing skill, of course the Committee Office would supply it. But currently in this area there is not."**

While it may seem redundant to provide resources to MPs and peers that they may not initially use, members will not always know what they are missing and so will not demand it until it is there. ROSU, in collaboration with committee clerks, should show leadership on this, proactively piloting and promoting the use of staff with expertise in regulation.

The experience of establishing the Scrutiny Unit offers an instructive precedent. We heard from one member of the unit that "an important part of being effective in role is building relationships with the committee and an understanding of the interests and politics of individual members". The unit has gradually built its profile with committees, with its staff attending regular team meetings to build relationships with committee staff and members. While there was some need to drum up interest when it was first set up, its work is now mostly demand-led.

ROSU would not itself serve as an academic observatory identifying problems across the regulatory landscape. But it could help to ensure that this function is being performed elsewhere and that its outputs are being used by parliament. For example, it could draw on insights from academia, think tanks and others to identify possible areas of committee focus, including cross-cutting issues. It could work with the NAO to set out where it considered further observational work was required – as government departments already do in their 'statements of research interest'.[80] It could also potentially work with UK Research and Innovation to ensure that such work was properly commissioned and funded (for an example of what is possible, see the Enterprise Research Centre, which studies small business growth, innovation and productivity[81]).

More broadly, ROSU could act as an authoritative catalyst of many of the recommendations in this report – it could be the institutional glue to ensure that the changes put forward to improve the parliamentary scrutiny of regulators stick. For example, as well as developing training and best practice in collaboration with others, it could help to establish how straightforward performance metrics should be presented to parliament and could work with government to ensure that the regulatory landscape, as well as parliament's interactions with it, are accurately and publicly mapped. It could also apply private and public pressure on those who need to deliver our other recommendations, working with them to help do so and generating commitment and momentum for the package of changes required as a whole.

Clearly there would be a cost to this resource. But this would be modest when compared to establishing a new extra-parliamentary body – analogous to the NAO – to support regulatory scrutiny, for example, or building expert secretariats to support individual committees' regulatory work.

A Regulatory Oversight Support Unit (ROSU) should be established in parliament, staffed by regulatory experts and seconded practitioners. ROSU should report jointly to both Houses and should work proactively and flexibly to improve parliamentary oversight of regulators as described elsewhere in this report. In particular, it should:

- ***Meet regularly with relevant committees to advise and support them in planning their work programmes, inquiries and individual sessions on regulation***
- ***Provide surge capacity to support oral evidence sessions on regulation when needed***
- ***Provide training and best practice guidance on regulatory scrutiny for committee members and staff.***

A new public body to augment regulatory scrutiny would not be a silver bullet

Our scope in this report is parliamentary oversight of regulators, not the entire framework of regulatory oversight. But several previous reports have argued that parliamentary oversight should itself be augmented by the work of a new independent body of some kind.

We do not think any of these proposals offers a silver bullet to address the issues we have identified, although we do take them seriously and we go on to propose a mechanism by which to achieve at least some of their objectives in a different way. The additional analysis provided by any of these proposed bodies could be of public value in itself and could, in turn, lead to better and more focused briefings by technical experts to inform parliamentary oversight. But MPs and peers would still need to take in this information. If any new body was established, it would therefore need to work closely with our proposed ROSU to ensure that committees made good use of its work.

The Regulatory Reform Group has suggested setting up an 'Office for Oversight of Regulators' in the Cabinet Office, which would report directly to No.10 and support the government in delivering its key priorities for regulation, but would also support parliamentary committees in scrutinising regulators.[82] If such a unit were set up, parliament should scrutinise its work and draw on it to inform its scrutiny of regulators. But MPs and peers we spoke to were sceptical about an arrangement where civil servants worked both to government and parliament.

The independence of parliamentary scrutiny would be compromised if its committees were directly advised and supported by government officials, particularly since part of parliament's role in regulatory scrutiny is to examine the strategic direction provided by ministers. This is why the extra resource we have proposed above would be held within parliament, ensuring trusting ongoing relationships with committees and avoiding any actual or perceived conflict of interest.

Other proposals have been made for independent or parliamentary bodies to provide expert advice and support for the scrutiny of financial regulators specifically:

- **The law firm Macfarlanes has proposed creating an independent 'Office for Financial Regulatory Accountability'.**[83] Possibly focused on the wholesale markets, this expert body would supervise the financial services regulators, examining regulatory proposals, assessing performance against objectives and safeguarding international competitiveness. Its analysis and commentary would assist parliamentarians and the wider public in scrutinising the regulators, although ultimate responsibility would continue to lie with parliament. Macfarlanes suggests the body should include parliamentarians (with a chair from the House of Lords) but primarily consist of experts.

- **The Centre for Policy Studies has proposed creating a new parliamentary body, the 'Parliamentary Regulatory Oversight Panel'**, which would support parliamentary committees in scrutinising the Bank of England and other financial regulators, such as the FCA.[84] Over time its remit might expand to include other major regulators. This body would be staffed by regulatory experts and its director would have the power to obtain information and evidence on a similar basis to the C&AG.[85] Its staff would

brief committees and make recommendations as to where they might focus their attention.[86] It would report to the TSC or to a panel made up of the chairs of relevant committees.

A new body focused on financial services regulation might receive good engagement from committees. There are a few other high-profile sectors in which this might also be true such as, currently, utilities regulation. But given that parliamentarians already focus disproportionately in these areas, it is not clear that pressure to further tilt in this direction would be helpful overall.

Specialist bodies that already oversee multiple regulators in other sectors, like the PSA in health and the LSB in legal services, have little contact with select committees. Quite aside from the profusion of new bodies it might imply, a sector-specific approach therefore seems unlikely to command sufficient parliamentary attention across many fields of regulation, and in particular those areas which are currently under-scrutinised.

The Industry and Regulators Committee recently proposed creating an 'Office for Regulatory Performance', a parliamentary body analogous to the NAO that would examine and report on the performance of regulators, scrutinise the performance metrics self-reported by regulators, and advise parliamentary committees carrying out regulatory scrutiny.[87] The specification for such a body would need to be worked through, but it might take a risk-based approach, undertaking biannual reviews of a few key regulators or regulatory systems and reviewing other regulators less frequently or in groups.[88]

This proposal would better serve the wide range of committees with responsibilities for regulatory oversight than a body focused on a specific sector. But it still faces the challenges associated with any proposal to set up a dedicated new body. A new body would be more costly than a function housed within an existing structure. It may struggle to recruit a sufficiently credible and experienced leadership team to champion the new organisation and ensure that its output was effectively used. At least in its early years, a new body could be incentivised to raise its profile by focusing on prominent financial services and utilities regulators that are already receiving scrutiny rather than on those regulators that are currently being overlooked, which would reduce its value. It would also need to find its own independent voice, respected by regulators and those regulated without getting too close to any one stakeholder group – and, if it proved unsuccessful, it could be harder to reform than a unit within an existing organisation would be.

Meg Hillier, chair of the PAC, warned in her evidence to the Industry and Regulators Committee that there is a "danger" that establishing a dedicated body might mean "other bits of the system think it is not their job to look at regulators" and that parliamentary committees might think of regulatory scrutiny as "something separate and over there".[89] We are also concerned that establishing an independent Office for Regulatory Performance to perform direct oversight could, whatever the intention, risk duplicating the NAO's existing work. But our own suggestion below could be considered as a means of implementing a version of this proposal within the NAO itself. This could achieve the Industry and Regulators Committee's objectives without taking on many of the challenges posed by forming a new body.

The Industry and Regulators Committee's report itself is clear that they do not see the NAO as a suitable home for the "regular and systematic scrutiny of regulatory performance", on grounds of cost and complexity.[90] But they describe their proposed Office for Regulatory Performance as being analogous to the NAO and say that it would be funded, accountable to and used by parliamentary committees in a similar way.[91] Housing something so similar to the NAO's existing work within that organisation would be more streamlined and efficient than creating a new body. It would also maintain the flexibility to explore and negotiate what parliament needs from it, and the extent to which it should have a distinct institutional identity, on an ongoing basis. Crucially, the NAO's leadership would also offer a clearly identifiable and already authoritative locus of accountability for this work.

The NAO could better address parliamentarians' concerns by increasing its dedicated capacity to scrutinise regulators

The NAO already reports on the effectiveness of regulators and regulatory systems based on an assessment of spending and strategic risk, as described above. It has recently appointed a director of regulation value for money who will, for the first time, be permanent in that role rather than expecting to move elsewhere in the NAO after a period of time. But the NAO does not otherwise dedicate specific staff to any particular aspect of its value for money work on a permanent basis, or ring-fence budgets for any purpose. The C&AG has discretion to direct their resources as appropriate across the range of their responsibilities.

Just as we heard that parliamentary committees would be reluctant to use extra time and staff to perform regulatory scrutiny unless constrained to do otherwise, we also heard that the NAO would be unlikely to prioritise further reports on regulation over its other responsibilities. But as in parliament's case, this may reflect institutional pressures and constraints, rather than the lack of a pressing need for better regulatory scrutiny. It would be possible for the NAO to focus more on its regulatory work.

Parliament already makes suggestions to the NAO, which it considers in its work planning,[92] and if parliamentarians believe the regulatory oversight provided by the NAO to be of insufficient quantity or quality they could ask the C&AG to address their concerns on a comply or explain basis. This would require parliamentarians, supported by ROSU, to identify gaps in the NAO's coverage and to challenge the NAO on them. The ensuing dialogue could itself help to assure parliament as to the risk-based approach the NAO takes to prioritising regulatory scrutiny alongside other issues.

Parliament could also ask the C&AG to set out how the NAO will invest in its regulatory practice. This might involve building up the skills and resources it needs to scrutinise regulators and the systems they operate within, for instance by bringing in more seconded experts from regulators and regulated organisations to work alongside permanent staff.

In addition, parliament could clarify the extent to which it expects the NAO to identify and investigate regulators or regulatory sectors that are consistently under-scrutinised, or cross-cutting regulatory issues that parliamentary committees are struggling to capture. Parliament could also clarify the extent to which it intends the NAO to act as a centre of expertise in regulatory techniques, disseminating best practice and enhancing consistency where appropriate across different regulators (although, as noted above, it already does this to some extent). As we have suggested, the NAO could also work closely with ROSU to determine what kind of additional observatory function might be required and to support its establishment, potentially in academia.

If parliament continued to be dissatisfied with either the focus or extent of the NAO's regulatory work, it could seek either to ring-fence a proportion of the NAO's budget, or to more clearly distinguish the NAO's regulatory work from the rest of its operations – perhaps in a new Regulatory Performance Division.

It would be preferable to do this than to establish an entirely separate, and potentially overlapping or competing, body to perform these functions, for the reasons set out above. Of course, there would be complexities for the NAO in managing a discrete internal division, but other public sector organisations from the BBC to the Bank of England do so without excessive difficulty, and alignment should be easier to achieve internally than externally.

There is a reasonable objection to this approach. Assuming that the C&AG makes appropriate decisions about prioritisation, any pressure to prioritise regulation – let alone to ring fence resources – might be expected to lead to distortion, with less important matters being prioritised over more important ones, taken as a whole.

Our response to this would be twofold. First, greater transparency as to how this prioritisation is done would be no bad thing. Second, the objection only holds to the extent that the C&AG's remit – legislated for over time but particularly, regarding its value for money work, in the National Audit Act 1983[93] – directly corresponds with what parliament needs from it now.

The NAO's established focus on public spending may lead it to deprioritise regulatory matters, and its accountability only to the Commons – and particular relationship with the PAC – may lead it to overlook issues of potentially greater interest to the Lords. There are also other idiosyncratic remit challenges, for instance statutory limitations to the NAO's oversight powers with respect to the Civil Aviation Authority.[94] Parliamentarians of both Houses would need to work together to agree how to change the NAO's remit in response to these difficulties or to work around them.

Some of these issues may be insurmountable without legislation. But not all of them are – and much can be achieved with goodwill between parliament and the NAO. A detailed dialogue should take place in which the NAO seeks to meet parliament's expectations to the maximum extent possible, and parliament sets out those expectations with clarity and realism. This dialogue should carefully distinguish what can and cannot be achieved without legislation to change the remit of the NAO (learning from the proactive approach taken by the Financial Reporting Council, which has maximised the extent to which it can reform itself short of the intended legislation being made[95]). Parliament could seek to further influence the NAO by persuading an appropriate minister to make a statement or to insert a line in a manifesto.

Establishing a standalone body, with its own separate governance, management, operations, legal team, brand identity, and political and government interfaces, would surely be more costly than incorporating new functions within the NAO. The proposed dialogue between parliament and the NAO – including about the possibility of legislation to change its remit – should therefore be fully exhausted before a new standalone body is considered. Any such body should in any case be subjected to careful cost benefit analysis (although Lord Tyrie is clearly right that its costs would be dwarfed by the expenditure of regulators taken as a whole).[96]

The NAO should meet parliament's expectations of greater regulatory oversight to the extent that its current remit, objectives, powers and resources allow. Insofar as it cannot do so under its current constraints the NAO should set out publicly:

- ***why prioritising other activities enables it to better meet its current objectives***
- ***what further resources it would need to meet parliament's expectations of regulatory oversight***
- ***what changes to its remit, objectives and powers would be required for it to do so.***

The NAO should convene dialogue with parliamentarians to clarify their expectations as necessary, and should distinguish clearly what can and cannot be done without legislation. Parliament should then consider what change to the remit, objectives, powers and resources of the NAO – if any – may be required.

Conclusion

Confidence in the democratic oversight of UK regulators is a prerequisite to realising the hoped-for potential of regulatory reform following Brexit. There is a view shared among some parliamentarians that there exists a 'democratic deficit' in parliament's oversight of regulators, and that it should take a stronger, more direct role in their scrutiny. MPs and peers have in recent years called for the creation of various new bodies to report on regulatory performance, and proposed – and in some cases established – new parliamentary committees to scrutinise regulators. But beyond high-profile sectors like financial services, which command significant parliamentary attention, these interventions will not really move the dial without more fundamental changes to how parliament as a whole conducts regulatory oversight.

It is true that select committees have limited capacity and support, but this is not the only reason parliament's ability to carry out systematic and effective scrutiny of regulators is limited. It is further hindered by a patchy understanding of its own role in regulatory oversight, poor co-ordination – both across parliamentary committees and with the wider regulatory oversight system – and inconsistent engagement from MPs and peers. Simply setting up new committees or providing more expert analysis will not resolve these limitations.

Before implementing more costly and potentially cumbersome institutional reforms, parliament should consider more modest changes that would enhance the oversight it can perform itself, and that would reassure it as to what others are already doing.

Starting from a realistic assessment of select committees' bandwidth and interests, our proposals focus on making parliamentarians' own work more effective. We have set out how select committees should prioritise the key aspects of regulatory oversight that only they can perform, how they can conduct better scrutiny to maximise their impact, as well as the information, support and co-ordination mechanisms they need to achieve this.

The steps we propose within parliament require relatively little resource, but serious commitment. Similarly, our proposals for an incremental, cost-efficient amplification of the existing work of the NAO require parliamentarians to engage actively with its work and to be specific about any extra work they believe is required.

The final summer recess of the 2019 parliament and then the start of the next parliament will offer an opportunity to implement reform – bringing with it new committee members and a fresh intake of MPs. Our proposals should be implemented early and progress should be reviewed towards the end of the next parliament.

Methodology

Constructing a list of statutory regulators

We defined a UK 'statutory regulator' as an individual or body granted statutory powers by the UK parliament, ministers or the monarch to set standards, monitor performance or compliance, or take enforcement action. This definition excludes regulators whose powers derive solely from the devolved legislatures.

To build a list of these, we reviewed the Cabinet Office Public Bodies 2020 dataset (2021),[1] bodies referenced in DBT guidance on 'UK regulated professions and their regulators' (2023),[2] bodies listed in the annex of Policy Exchange's report *Re-engineering Regulation* (2022)[3] and the Wikipedia page 'List of regulators in the United Kingdom'.[4] Each body we identified was tested for inclusion or exclusion against our definition of a statutory regulator by reference to the body's official website, gov.uk or legislation.gov.uk.

Edge cases

Type	Inclusion	Examples	Justification
Inspectorates	Included but listed as a sub-category	Drinking Water Inspectorate, HM Inspectorate of Constabulary and Fire & Rescue Services	These bodies have powers to investigate and monitor performance or compliance with standards, but not to set standards or take enforcement action. Some bodies monitor compliance with a code, others monitor performance or efficacy more generally.
Non-statutory, non-government bodies	Excluded	Complementary and Natural Healthcare Council, Impress	These bodies have no statutory basis and are not government bodies, so they are not formally accountable to parliament for how they set standards, monitor or enforce.
Some royal charter bodies	Excluded	Chartered Institute for the Management of Sport and Physical Activity, Engineering Council	A royal charter gives these professional standards bodies independent legal standing, but they have not been granted statutory powers to set standards, monitor or enforce. They operate voluntary registers with no legal requirement for practitioners to register.
Some constitutional watchdogs	Excluded	Advisory Committee on Business Appointments, Independent Adviser on Ministerial Interests	These bodies are non-statutory and advisory. They have no powers to enforce their recommendations.
Central bank	Excluded (except PRA)	Bank of England	Called frequently on non-regulatory matters, so inclusion could skew our data.

Some bodies listed by the Cabinet Office as performing a regulatory function	Excluded	Science Museum Group, Sea Fish Industry Authority (Seafish), Social Mobility Commission	Although the Cabinet Office states that some bodies have a regulatory function, we could find no evidence that these bodies have statutory standard setting, monitoring or enforcement functions.
Tribunals and appeals bodies	Excluded	Competition Appeals Tribunal, Copyright Tribunal, PHSO	These bodies are part of the judicial or appeals systems, making determinations on complaints. Some act as a check and balance on regulators. Parliament may well have an interest, but we have not classified them as regulators themselves.
Internal regulation of the NHS	Excluded	NHS Improvement (NHSI), NHS England	Until its abolition and the transfer of its staff, functions and resources to NHS England in 2022, NHSI was a non-departmental public body regulating independent NHS trusts. We have excluded it because it no longer exists. Despite taking on NHSI functions, NHS England is not included as a regulator because we consider this to now be an internal audit function. Appearances by NHS representatives in oral evidence sessions are rarely on regulatory matters, and including them would skew our dataset.
Local authorities	Excluded	Local authorities, mayoral combined authorities	Local authorities are responsible for a number of regulatory functions, including implementation of UK legislation. However, they are accountable to councillors elected locally and are not directly accountable to parliament.

Identifying the relevant select committees

A large number of select committees exist in both Houses of Parliament, but only some of them scrutinise regulators. We collected data on all committees with a direct responsibility for doing so, as well as some others that have adopted this role. Our sample captures the vast majority of regulatory scrutiny undertaken through oral evidence sessions.

All departmental select committees were included in our dataset, as they are responsible for scrutinising the policy, work and spending of public bodies associated with their allotted departments, including regulators. The Cabinet Office does not have a departmental committee so we also included the committees that, in practice, scrutinise the regulators it sponsors (PACAC and the Women and Equalities Committee). We also included committees established specifically to scrutinise regulators sponsored by parliament, such as the Speaker's Committee on the Independent Parliamentary Standards Authority, as well as the PAC and the Environmental Audit Committee, which scrutinise regulators regularly.

While our research focused primarily on the House of Commons, some Lords committees are also relevant. The Industry and Regulators Committee explores the work of regulators in general, and the Delegated Powers and Regulatory Reform Committee scrutinises proposals in bills to delegate power from parliament to other bodies, including regulators. Both are included in our dataset. We have also counted appearances before the Financial Services Regulation Committee since it was established in January 2024.

For a list of the relevant committees, see Box 1 on pages 20–21.

Assigning regulators to committees

To determine when regulators responsible to each committee last appeared before them, we needed to assign each regulator to a committee. But just as there is no public, comprehensive list of statutory regulators, there is also no public list outlining which committees are responsible for overseeing which regulators.

We primarily assigned regulators to committees according to their sponsorship arrangements. For example, the Health and Safety Executive is sponsored by DWP, and so is within the remit of the Work and Pensions Committee. Most bodies sponsored by the Cabinet Office were assigned to PACAC, except the Equality and Human Rights Commission that was assigned to the Women and Equalities Committee, which in practice carries out regular scrutiny of the EHRC's work.

Some parliamentary bodies have dedicated committees and so were assigned there; for example, the Electoral Commission was assigned to the Speaker's Committee on the Electoral Commission. Statutory regulators that do not have either a sponsor department or a dedicated committee were assigned to the select committee that would ordinarily scrutinise them. For example, the PSA was assigned to the Health and Social Care Committee.

When regulators are themselves accountable to another regulatory body, as in the case of some professional standards regulators, they have been assigned to the committee that oversees the body they are accountable to. Regulators assigned to the Health and Social Care Committee therefore include regulators supervised by the PSA and those assigned to the Justice Committee include those supervised by the LSB. The Institute of Chartered Accountants of England and Wales (ICAEW) and the Association of Certified Chartered Accountants (ACCA) have accountability relationships with both the LSB (sponsored by the justice department) and the FRC (sponsored by DBT), but have been assigned to DBT given the focus of their activity.

We have also identified two cases in which select committees have held general scrutiny or pre-appointment sessions with regulators outside their remit (as we have defined it). The ICO attended a general scrutiny session with PACAC in 2023, and the Office for Environmental Protection attended a general scrutiny session with the Environmental Audit Committee in 2024. These sessions are not reflected in Figures 5 and 9.

In addition, the committees responsible for some regulators have changed since 2019. For example, Ofcom and the ICO were previously within the remit of the Culture, Media and Sport Committee but are now overseen by CSIT. If the new committee has not yet held one, the most recent general scrutiny session or pre-appointment hearing by the previous committee has been credited to it for the purposes of Figures 5 and 9.

Where there was a joint evidence session between two committees, the session has been counted as being held by the committee responsible for overseeing the regulator in question. However, for sessions held by one committee but with a member from another committee joining as a guest, the session has been listed under the host committee, regardless of each committee's remit.

Classifying oral evidence sessions

To produce our data on the oral evidence sessions regulators have attended, the transcripts of all sessions held by each select committee in our sample between December 2019 and March 2024 were manually reviewed to identify when regulators had given evidence. These sessions were then classified as inquiry, issue-based, general scrutiny or pre-appointment sessions.

Generally, we have assumed that the committee's own classification of inquiry and pre-appointment sessions accurately reflects their content. The only exceptions to this are the few cases in which committees have classified one-off sessions with regulators, which have not informed a published report, as inquiry sessions. In these cases, we have reviewed the content of the session to determine whether this is an appropriate classification, or whether they might more accurately be classified as a general scrutiny session.

Committees typically classify all other sessions as 'non-inquiry sessions', but some indicators helped to distinguish general scrutiny sessions from issue-based sessions. For example, many sessions are titled 'The Work of [name of regulator]', indicating that the session was interested in the regulator and its work at an institutional level, rather than in a specific issue related to it. Some committees, like the Education Committee, identify general scrutiny sessions as 'accountability hearings'.

However, we did have to make some judgments of session content. Non-inquiry sessions judged to primarily focus on a particular policy problem, and how a regulator's work might be connected to it, rather than on how the regulator functions as an institution and its performance as a whole, were classified as issue-based. Conversely, sessions judged to explore the features of a regulator's work across the board, including its remit, objectives and resources, as well as discussing upcoming challenges for the regulator, were classified as general scrutiny sessions.

Annex: List of regulators

The table below lists the 116 regulators we have identified, grouped according to the parliamentary committee to which they are accountable. For ease of reference, the regulators are colour-coded as follows:

Inspectorate
Indirect parliamentary accountability
Neither of the above

Regulator	Administrative status	Sponsor	Notes
Business and Trade Committee, 13 regulators			
British Hallmarking Council	Executive NDPB	DBT	
Certification Officer	Independent statutory office holder	DBT	
Competition and Markets Authority (CMA)	Non-ministerial department	DBT	

Regulator	Administrative status	Sponsor	Notes
Financial Reporting Council (FRC)	Executive NDPB	DBT	
Association of Chartered Certified Accountants (ACCA)	Non-governmental body	FRC/LSB	Accountable to oversight regulator
Institute of Chartered Accountants in England and Wales (ICAEW)	Non-governmental body	FRC/LSB	
Groceries Code Adjudicator	Other public body	DBT	
Insolvency Service	Executive agency	DBT	
Office for Product Safety and Standards	Unit within government department	DBT	
Office of the Regulator of Community Interest Companies	Independent statutory office holder	DBT	
Pubs Code Adjudicator	Independent statutory office holder	DBT	
Registrar of Companies (Companies House)	Executive agency	DBT	
Trade Remedies Authority (TRA)	Executive NDPB	DBT	

Culture, Media and Sport Committee, 5 regulators			
Charity Commission	Non-ministerial department	DCMS	
Gambling Commission	Executive NDPB	DCMS	
Historic England	Executive NDPB	DCMS	
Keeper of Public Records (National Archives)	Non-ministerial department	DCMS	
Sports Grounds Safety Authority	Executive NDPB	DCMS	

Defence Committee, 1 regulator			
Defence Safety Authority	Unit within government department	MoD	

Regulator	Administrative status	Sponsor	Notes
Education Committee, 7 regulators			
Education and Skills Funding Agency	Executive agency	DfE	Monitoring only
Office for Standards in Education, Children's Services and Skills (Ofsted)	Non-ministerial department	DfE	
Office for Students (OfS)	Executive NDPB	DfE	
Office of Qualifications and Examinations Regulation (Ofqual)	Non-ministerial department	DfE	
Office of the Schools Adjudicator	Other public body	DfE	
Social Work England	Executive NDPB	DfE	
Teaching Regulation Agency	Executive agency	DfE	

Energy Security and Net Zero Committee, 4 regulators			
Coal Authority	Executive NDPB	DESNZ	
Committee on Climate Change (CCC)	Executive NDPB	DESNZ	Monitoring only
North Sea Transition Authority	Executive NDPB	DESNZ	

Office of Gas and Electricity Markets (Ofgem)	Non-ministerial department	DESNZ	
Environment, Food and Rural Affairs Committee, 9 regulators			
Animal and Plant Health Agency	Executive agency	Defra	
Drinking Water Inspectorate	Unit within government department	Defra	Monitoring only
Environment Agency (EA)	Executive NDPB	Defra	
Forestry Commission	Non-ministerial department	Defra	
Marine Management Organisation	Executive NDPB	Defra	
Natural England	Executive NDPB	Defra	
Office for Environmental Protection	Executive NDPB	Defra	
Veterinary Medicines Directorate	Executive agency	Defra	
Water Services Regulation Authority (Ofwat)	Non-ministerial department	Defra	

Regulator	Administrative status	Sponsor	Notes
Health and Social Care Committee, 15 regulators			
Care Quality Commission (CQC)	Executive NDPB	DHSC	
Food Standards Agency (FSA)	Non-ministerial department	DHSC	
Health Research Authority	Executive NDPB	DHSC	
Human Fertilisation and Embryology Authority	Executive NDPB	DHSC	
Human Tissue Authority	Executive NDPB	DHSC	
Medicines and Healthcare Products Regulatory Agency (MHRA)	Executive agency	DHSC	
Professional Standards Authority for Health and Social Care (PSA)	Parliamentary body	Parliament	
General Chiropractic Council	Non-governmental body	PSA	Accountable to oversight regulator
General Dental Council	Non-governmental body	PSA	
General Medical Council	Non-governmental body	PSA	

General Optical Council	Non-governmental body	PSA	Accountable to oversight regulator
General Osteopathic Council	Non-governmental body	PSA	
General Pharmaceutical Council	Non-governmental body	PSA	
Health and Care Professions Council	Non-governmental body	PSA	
Nursing and Midwifery Council	Non-governmental body	PSA	

Home Affairs Committee, 7 regulators			
Forensic Science Regulator	Other public body	HO	
Gangmasters and Labour Abuse Authority	Executive NDPB	HO	
HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)	Other public body	HO	Monitoring only
Independent Chief Inspector of Borders and Immigration	Other public body	HO	Monitoring only
Independent Office for Police Conduct	Executive NDPB	HO	
Office of the Immigration Services Commissioner	Executive NDPB	HO	
Security Industry Authority	Executive NDPB	HO	

Regulator	Administrative status	Sponsor	Notes
Justice Committee, 13 regulators			
Commission for Judicial Appointments	Executive NDPB	MoJ	
HM Crown Prosecution Service Inspectorate	Other public body	MoJ	Monitoring only
HM Inspectorate of Prisons (HMI Prisons)	Other public body	MoJ	Monitoring only
HM Inspectorate of Probation (HMI Probation)	Other public body	MoJ	Monitoring only
Independent Monitoring Authority for the Citizens Rights Agreement	Executive NDPB	MoJ	Monitoring only
Legal Services Board (LSB)	Executive NDPB	MoJ	
Bar Standards Board	Non-governmental body	LSB	Accountable to oversight regulator
CILEx Regulation	Non-governmental body	LSB	
Costs Lawyer Standards Board	Non-governmental body	LSB	
Council for Licensed Conveyancers	Non-governmental body	LSB	
Intellectual Property Regulation Board	Non-governmental body	LSB	

Master of the Faculties	Non-governmental body	LSB	Accountable to oversight regulator
Solicitors Regulation Authority	Non-governmental body	LSB	

Levelling Up, Housing and Communities Committee, 4 regulators			
Architects Registration Board	Public corporation	DLUHC	
HM Land Registry	Non-ministerial department	DLUHC	
Planning Inspectorate	Executive agency	DLUHC	Monitoring only
Regulator of Social Housing	Executive NDPB	DLUHC	

Northern Ireland Affairs Committee, 3 regulators			
Equality Commission for Northern Ireland	Executive NDPB	NIO	Monitoring only
Northern Ireland Human Rights Commission	Executive NDPB	NIO	
Parades Commission for Northern Ireland	Executive NDPB	NIO	

Regulator	Administrative status	Sponsor	Notes
Public Administration and Constitutional Affairs Committee (PACAC), 4 regulators			
Civil Service Commission	Executive NDPB	CO	
Commissioner for Public Appointments	Other public body	CO	Monitoring only
Registrar of Consultant Lobbyists	Independent statutory office holder	CO	
UK Statistics Authority (UKSA)	Non-ministerial department	CO	
Public Accounts Commission, 1 regulator			
Comptroller and Auditor General (National Audit Office, NAO)	Parliamentary body	Parliament	Monitoring only
Science, Innovation and Technology Committee (CSIT), 4 regulators			
Information Commissioner's Office (ICO)	Executive NDPB	DSIT	
Intellectual Property Office	Executive agency	DSIT	
Office of Communications (Ofcom)	Public corporation	DSIT	

Phone-paid Services Authority	Other public body	DSIT	
Speaker's Committee on the Electoral Commission, 1 regulator			
Electoral Commission	Other public body	Parliament	
Speaker's Committee for the Independent Parliamentary Standards Authority, 1 regulator			
Independent Parliamentary Standards Authority (IPSA)	Parliamentary body	Parliament	
Standards Committee, 1 regulator			
Parliamentary Commissioner for Standards	Independent statutory office holder	Parliament	Monitoring only
Transport Committee, 9 regulators			
Civil Aviation Authority (CAA)	Public corporation	DfT	
Driver and Vehicle Licensing Agency	Executive agency	DfT	
Driver and Vehicle Standards Agency (DVSA)	Executive agency	DfT	
Northern Lighthouse Board	Executive NDPB	DfT	

Regulator	Administrative status	Sponsor	Notes
Office of Rail and Road	Non-ministerial department	DfT	
Street Works Qualification Register	Non-governmental body	"Authorised" by DfT	
Traffic Commissioners and Deputies	Tribunal	DfT	
Trinity House	Executive NDPB	DfT	
Vehicle Certification Agency	Executive agency	DfT	
Treasury Committee (TSC), 5 regulators			
Financial Conduct Authority (FCA)	Other public body	HMT	
Office for Budget Responsibility (OBR)	Executive NDPB	HMT	Monitoring only
Office for Professional Body Anti-Money Laundering Supervision	Body within the FCA	HMT	
Payment Systems Regulator	Other public body	HMT	
Prudential Regulation Authority (PRA)	Central bank	HMT	

Women and Equalities Committee, 1 regulator			
Equality and Human Rights Commission (EHRC)	Executive NDPB	CO	
Work and Pensions Committee, 3 regulators			
Health and Safety Executive (HSE)	Executive NDPB	DWP	
Office for Nuclear Regulation (ONR)	Public corporation	DWP	
The Pensions Regulator (TPR)	Executive NDPB	DWP	
No committee assigned, 5 regulators			
Advertising Standards Authority	Non-governmental body	N/A	
British Board of Film Classification	Non-governmental body	N/A	
Farriers Registration Council	Non-governmental body	N/A	
Panel on Takeovers and Mergers (Takeover Panel)	Non-governmental body	N/A	
Royal College of Veterinary Surgeons	Non-governmental body	N/A	

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About the authors

Dr Matthew Gill

Matthew is a programme director leading the Institute's work on public bodies and regulation. He is a board member of the Institute of Regulation. Matthew was policy director at the British Business Bank for more than five years, having previously held high-profile policy roles at HM Treasury, the Financial Services Authority and the Bank of England. He began his career at PwC, where he became a chartered accountant, and holds a PhD in sociology.

Maddy Bishop

Maddy is a researcher on the public bodies and regulation team. She joined the Institute in 2021 and has previously worked on a variety of projects including research into accountability in the civil service, diversity and inclusion in the civil service, and ministerial private offices. Prior to joining the Institute, Maddy studied English literature, then a master's degree in public policy. She interned at the European Commission and Public Policy Exchange.

Callum Parris

Callum is a research assistant working on the Institute's public bodies and regulation team, having recently completed an MSc in public policy. Prior to joining the Institute, Callum spent time volunteering at his local food bank, and has also completed a BA in philosophy and politics.

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instituteforgovernment.org.uk

enquiries@instituteforgovernment.org.uk

+44 (0) 20 7747 0400

@instituteforgov

Institute for Government, 2 Carlton Gardens
London SW1Y 5AA, United Kingdom

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