

# UK Regulators' Network Strategy 2024-27 Public Consultation

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Consultation response from the

## Centre for Competition Policy

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Date: January 2024

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This consultation response has been drafted by a named academic member of the Centre, who retains responsibility for its content.

### The Centre for Competition Policy (CCP)

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## Summary

The author welcomes the opportunity to respond in brief to the UK Regulators' Network (UKRN) consultation on its Strategy for 2024-27. Below I set out some observations on the UKRN's ongoing strategy in the light of the stated priorities and focus of the Network. At the outset, it is important to distinguish process from outcome in the strategy of facilitating co-operation and communication among its members. It may be that, given the diversity in the composition of membership and the aim of growth, any "grow plan" should give thought to a weighting of participation, to accommodate the needs of all members of the Network, both large and small, in a just and equitable way. This is a common dilemma for many member organizations (including the Construction Industry Council on which I sit). Being explicit as to consultation and participation processes, is one way in which this challenge can be addressed.

## Embedding the key principles with the 'mission'

At a time when the roles and remits of different regulators are increasingly coming under scrutiny and beginning to overlap, (particularly those with competition related objectives) the Network is poised to make a significant impact on the regulatory trajectory.<sup>1</sup> Identifying synergies in aims and objectives in the regulatory task appears to strengthen regulatory effectiveness and may allow both for the amalgamation of deep market knowledge and for regulators to forge key connections which facilitate the tackling of complex cross-industry issues.

Regular cooperation between regulators is particularly necessary for effective regulation in complex areas such as AI and the more harmful practices arising from the digital era. Embedding the Network's core principles into the broader, and often context-specific challenges, invites an expansive conception of regulation, its aims, and objectives. Regulators face an increasing number of trade-offs between statutory duties with an exercise of a high degree of discretion, while managing compliance with statutory independence. Some of the trade-offs are often political in nature and this is particularly true when distributional issues are at stake. The regulatory outcomes themselves often involve reconciling differing objectives, because of the incompatibility of different objectives and guidance.<sup>2</sup> While their knowledge of the sector makes it appropriate for regulators to identify such issues, the trade-offs themselves are often of a political nature and are sometimes more appropriately addressed by Government, or at least with Government input. This applies particularly to distributional issues, where regulators have a duty to take account of the needs of low-income consumers. One current example occurs in Ofgem's consultation on standing charges, where they invite views on how they should balance the

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<sup>1</sup> Note the Industry and Regulators Committee Inquiry into UK Regulators <https://committees.parliament.uk/committee/517/industry-and-regulators-committee/news/197954/new-inquiry-launched-into-independence-and-accountability-of-uk-regulators/>

<sup>2</sup> See the CCP response to the House of Lords Industry and Regulators Committee Call for Evidence on UK Regulators 2023 <https://competitionpolicy.ac.uk/responses-to-consultations/>

needs of different vulnerable groups.<sup>3</sup> The promotion of intelligence sharing by the Network, in the widest sense, is therefore to be welcomed.

The existence of regime complexity and the fact that the statutory duties of the UK's main sector regulators have evolved and significantly expanded since the entities were founded, makes for scope to revisit the Network's visibility in its interactions with Government without compromising individual statutory independence e.g., how best the Network might test or indeed challenge regulatory proposals in the pursuit of efficiency and effectiveness. This collaborative approach may also extend to a "gatekeeping" function for individual regulators, further buffering them from political practices that could, in the extreme, compromise regulatory independence (this could be developed in 3.6 of the Strategy). It is noted that the UKRN's Core Objectives and Outcomes are largely silent on this point (save for Outcome 7).

### **Maintaining the institutional form and independence**

There are numerous bodies of membership composition of which, I am sure, UKRN is already aware. Each no doubt faces the challenge of ensuring that the body's core objectives and strategic priorities explicitly align, given their working context. This is often an ongoing process of reflection and revision, with even the core values being modified also over time. One key element for consideration (and this may go to the question of any ongoing relations or interactions with government, which I am sure the Network has considered already), is the existence of any risks posed to the Network and its membership in relation to its core objectives and outcomes. It is assumed that the Network will have as an implicit core objective the minimizing of risk and the promotion of institutional resilience. This will undoubtedly extend to promoting best practice, data analysis and the dissemination of intelligence in all strategic areas, with appropriate feedback mechanisms being integral to ongoing development. Given the proposed new structure, answerability for decisions will be important if the confidence of the membership as a whole is to be maintained.

It may be helpful to revisit the core objectives and outcomes according to a) broad policy considerations e.g., supporting and promoting Net Zero and sustainable economic growth b) overarching regulatory themes (addressing consumer and business vulnerability, each of which surely go to championing effective regulation. Q. what of regulatory innovation, as an outcome?) c) internal "best practice". Each in turn could serve potentially as an indicator upon which to test the robustness of the theme in question.

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<sup>3</sup> Ofgem, 2023. Standing Charges, call for input <https://www.ofgem.gov.uk/sites/default/files/2023-11/Standing%20Charges%20-%20Call%20for%20Input.pdf>