

A New Approach to Ensure Regulators and Regulation Support Growth

The Challenge

1. Regulation underpins and impacts almost all areas of the UK economy. Our regulatory system has great strengths. It is built on a firm foundation of operational independence and stability, and other countries have drawn lessons from the UK approach.
2. When regulation is designed and implemented well, it can be an essential tool to promote growth and investment. When used effectively, regulation can also provide a mechanism to address economic, societal, and environmental risks and deliver positive outcomes that we want to see in our communities.
3. Regulation protects individuals from public health risks. It safeguards employees from harm at work, enabling a healthy and productive workforce. It can uphold vital standards in building safety, protecting residents and providing clarity so that developers can invest with confidence. It ensures that products are priced and traded fairly, protecting consumers from detriment and maintaining their confidence in markets.
4. However, the current regulatory landscape is not functioning as effectively as it should. Our system now too often holds back growth and inhibits private sector investment. Whilst countries such as Singapore and Australia have continued to improve their regulatory systems, the UK has fallen behind.
5. One of the clearest manifestations of this is the high associated administrative costs for businesses arising from activities such as filling out forms or from overly onerous and disproportionate reporting requirements.
6. We cannot let this continue. Now is the time for reform: to ensure the UK regains its global competitive leadership. We need to go further and faster to secure and sustain growth, supporting the objectives of our new Industrial Strategy and the wider growth mission.
7. Under our current system, businesses tell us that:
 - **Regulation can be too complex and duplicative, stifling progress and innovation.** Over the past few decades, an excess of poorly designed regulations has resulted in unnecessarily complex and burdensome requirements for businesses and investors. Even if all these regulations had been optimally designed, their sheer cumulative impact - and the associated increase in regulatory activity - has produced an additional layer of burden which adds to this complexity. Whilst each regulatory intervention has

been rationalised in its own terms, the unintended consequences of the cumulative effects have not been properly analysed.

In addition to the rise in regulations, there has been an increase in the complexity of the landscape of regulators which implement and enforce regulation across various sectors of our economy. There are now over 100 bodies involved in regulation, before accounting for related non-regulatory bodies, professional associations, public functions, voluntary bodies, or wider regulator professions. According to latest data in regulators' annual reports, in 2023/24 the 17 regulators to whom the Prime Minister wrote in December 2024 about their contribution to supporting growth collectively employed 36,000 full-time equivalent employees and had a gross annual expenditure of £5.4bn.¹

- **Businesses suffer from a lack of certainty and predictability from regulators and regulation.** Stability and predictability were once recognised as cornerstones of our approach on regulation in the UK. Yet regulators' objectives, duties and powers have increased substantially over time. They now have different legal forms, duties, powers, appeal routes, and accountability mechanisms, resulting in inconsistency across the regulatory system. These have proved difficult to simplify and align, given the legislative frameworks for regulators have been developed independently without consideration of the wider regulatory picture. As a result, there is increasing uncertainty as to regulators' roles and remits. On top of this uncertainty has been layered inexact strategic steers from government which rather than providing clarity on which objectives and duties to prioritise have often increased uncertainty for regulators further, impacting their agility.
 - **Our regulatory approach has become too risk averse.** Incentives on politicians and regulators to avoid criticism when regulation fails to fully mitigate risks has encouraged excessive risk aversion in the system. Rules-based frameworks can limit regulator discretion making it difficult to strike the right balance between risk and growth and managing the risk of legal challenge. Regulators must be attuned to the challenges facing businesses and be able to adapt to new industries, the challenges posed by new technologies and avoid disproportionate risk-averse behaviour.
8. Over time, billions of pounds of regulatory cost have contributed to our economy being less competitive and less attractive for new investment than it could be. Some studies suggest that the impact of red-tape costs could be as high as 3-4% of GDP, or around £70bn,² despite multiple attempts to cut back regulatory burdens.

¹ [1] DBT analysis of annual reports of the following regulators: [CAA](#); [CMA](#); [Environment Agency](#); [FCA](#); [FSA](#); [HSE](#); [ICO](#); [MHRA](#); [NICE](#); [Natural England](#); [Ofcom](#); [Ofgem](#); [Office for Rail and Road](#); [Ofwat](#); [Payment Systems Regulator](#); [Prudential Regulation Authority](#); [The Pensions Regulator](#). All data from 2023/24 annual reports, apart from Natural England (2022/23).

² Regulatory costs as a percentage of GDP from Better Regulation Task Force 2005 report '[Regulation -- Less is More](#)': Regulatory costs as a percentage of GDP, 2005 (Accessed 07/05/2024). Further details on the methodology can be found in DBT (2024) [White Paper](#). This

Vision

9. To address these challenges, we will overhaul our regulatory system so that it:

- **Supports growth.** We want a regulatory system that not only protects consumers and supports competition, but also encourages new investment, innovation, and growth. When regulation is designed well, and implemented well by regulators, it can protect consumers while supporting investment and growth. Regulators also have an important role in delivering international regulatory cooperation which also supports our international objectives.
- **Is targeted and proportionate.** We should regulate only where necessary and allow space for discretion and good behaviour. In most cases, businesses operate in a responsible and sensible manner. The current regulatory system too often focuses on regulations and regulatory practices designed to prevent a few bad actors, or very low probability events, rather than trusting and helping most businesses that want to comply.
- **Is transparent and predictable.** To foster the certainty essential for investment, it is vital that our regulatory regime is stable, predictable and consistent. Regulation will need to change where it is not fit for purpose; but we must be clear about where that is the case and give business the necessary time to adapt to new rules.
- **Adapts to keep pace with innovation.** Our approach to regulation must allow the UK to take advantage of new technologies and innovations, including artificial intelligence, digitalisation, decarbonisation and increased automation. Effective regulation can create the environment and clarity for innovation to take place. Regulators attuned to the challenges facing business should also be able to adapt to new industries and to the challenges posed by new technologies and avoid disproportionate risk averse behaviour.

10. This Action Plan sets out the next steps to our approach, alongside a range of pledges from regulators to support this effort. It will enable a regulatory system that supports innovation and economic growth while ensuring accountability for the quality of regulations introduced, as well as the way in which independent regulators implement and enforce them.

11. In addition to the immediate actions in this Action Plan, realising this vision means making real, system-wide reforms over the Parliament that focus on: simplifying the structure of the system; ensuring regulation is proportionate and at a minimum cost for business; driving regulator performance and capability, as well as ensuring accountability is robust; and making sure that the purpose and duties of all our regulators are clear, so they are empowered to focus on what matters.

report drew on studies from the Netherlands and the U S, which suggested the total costs of regulation on the economy were 10-12% of G D P, with 30% of these costs being administrative - and assumed this relationship would hold for the U K. This study is 20 years old and there could be a high degree of variability between countries, including the U K. In the absence of a more recent study specifically looking at the U K, this is the best estimate available of this specific cost. The £70bn figure is based on applying these percentages to 2023 G D P figures (ONS chained volume measures, seasonally adjusted) and therefore makes the additional assumption that this relationship, if correct, would still hold today.

12. We also continue to recognise the importance of economic regulation for the growth mission and are continuing to assess the effectiveness of the UK's overall approach in delivering essential infrastructure and investment.

Scope

13. The reforms outlined in this paper are relevant to regulators across sectors such as business, finance, energy and the environment. Though there is not currently a legal definition of a regulator, our reforms will apply to all bodies exercising regulatory powers and functions.

14. The territorial scope of these actions extends to regulators which exercise functions related to matters which are reserved (or excepted, for Northern Ireland) to the UK government or UK parliament. This means that it only extends to regulators undertaking functions in Scotland, Wales or Northern Ireland under the policy remit of the UK government or UK parliament.

Action 1: Tackle complexity and the burden of regulation.

15. We will reduce the complexity and burden of regulations. **We will reduce bureaucracy for businesses. We commit to cut administrative costs for business by 25% by the end of the Parliament.** We will take a whole of government approach toward achieving this, with actions including:

- **Establishing a baseline for the administrative costs of regulation.** Currently, government does not have a robust understanding of the cumulative cost of regulation on businesses. We will now undertake a baselining exercise to understand how much regulation is costing and where it can be reformed to remove unnecessary burden and achieve its policy objectives more efficiently.
- **Delivering an ambitious regulation reform programme, targeting reforms that remove or streamline administrative processes.** We are committed to ensuring our regulation is fit for purpose, ensuring it meets our commitments to maintaining the UK's high standards and protections whilst ensuring we do not hold back growth with unnecessary red tape. The Industrial Strategy will detail a suite of reforms across the growth-driving sectors.

16. **We will simplify regulatory structures.** We want a regulatory system which is easier to navigate for businesses and reduces duplication. In many cases, this will require legislative change. We are therefore taking active steps to remove or consolidate regulators, where it makes sense to do so. As we approach the 2025 Spending Review, Departments will be considering where there may be benefits from merging, consolidating or rationalising the regulators they sponsor. We have already announced that we will:

- Consolidate the Payment Systems Regulator, primarily within the Financial Conduct Authority (FCA). This evolution in the regulatory framework will see the FCA take on

responsibility for ensuring the payments sector promotes innovation and competition and will allow a more coordinated and streamlined approach. We will consult on the details of this over the course of the summer and will legislate as soon as possible.

- Consolidate the Gangmaster and Labour Abuse Authority, the Employment Agency Standards Inspectorate and the Director of Labour Market Enforcement into the Fair Work Agency (FWA). This will bring together employment rights enforcement into one place, so they're enforced more effectively and efficiently. The Government is legislating for this change through the Employment Rights Bill.
- As required by law, we will review the performance of the Groceries Code Adjudicator and the Pubs Code Adjudicator.
- Commence a review into British Hallmarking Council (BHC) which will look at the role, remit and governance of the BHC, including options to merge, abolish or reform it.
- Merge the Office of the Regulator of Community Interest Companies (CIC) into Companies House (CH). The outcomes of this work will be implemented when parliamentary time allows.

Streamlining

17. We will remove duplication and streamline processes - across sectors - where they hold back growth across the system.

Environmental and planning regulation

18. Today, we announce that we are working with regulators in areas where businesses tell us that our regulations are most complex, starting with environmental and planning regulation.

19. The current system can be slow and complex, making life difficult for businesses. We therefore need to ensure our regulatory system becomes more flexible, coherent and innovation-friendly to support new infrastructure and development, while meeting our firm commitments to protect our natural environment and local communities. We look forward to the publication of the forthcoming Corry Review which will set out broader recommendations across the regulatory landscape.

20. Today, we take steps to:

- Remove complexity and tidy red tape across environmental permitting, by:
 - Streamlining Nationally Significant Infrastructure Projects (NSIPs): by easing environmental permit and licence requirements for low-risk activities within the planning process. This will ensure many developers do not need to seek multiple consents so have the confidence to get building, while protections for the environment and local communities remain strong.
 - Launching a suite of new initiatives to support priority sectors: including the Environment Agency's priority tracked service to allow developers to work with a dedicated team on their permits and track progress. These service improvements will result in quicker timeframes and more flexible decision-

making in moving developers through the system. To support this, the Government recognises that statutory consultees need to be resourced adequately, and on a sustainable basis, while ensuring we are incentivising efficient and constructive engagement in applications, and in the planning system more generally. We intend to develop a model to support this sustainable funding, and we will set out further details in the coming weeks.

- Consulting before Easter on reforms to permitting legislation that will enable regulators to be more agile in making sensible decisions on which low-risk activities should be exempt from environmental permits. Removing unnecessary requirements will encourage innovation and investment, and allow regulators to focus on high-impact, high-priority areas, including low-carbon infrastructure.
 - Consulting in June on a package of reforms to modernise permitting for industry and energy sectors. This will include: creating regulatory sandboxes for R&D trials to enable operators to innovate; streamlining outdated guidance to support investment; and enabling proportionate and risk-based regulation of new technologies in support of Net Zero and a circular economy.
- Support better cooperation between environmental regulators by:
 - Appointing a single lead regulator for major projects. A lead environmental regulator will be appointed for all major projects in which multiple regulators have an interest, to make decisions on their behalf.

This will reduce layers of regulation and create a single front door for major projects. As an initial step, the Secretary of State for the Environment is willing to use his powers of direction to make this work and intends to instruct Natural England, the Environment Agency, the Forestry Commission and the Marine Management Organisation to work alongside the designated Lead Regulator, in collaboration with MHCLG, in carrying out their functions for these major projects in a timely manner.

This model will be tested through a series of projects, which could start with the Lower Thames Crossing subject to the planning process, as well as a new town-related housing project and future schemes like Heathrow expansion. We are asking industry to come forward with suggestions of additional projects which meet the steering criteria where they want to trial this new approach.

- Convene the environmental regulators to commence work to upgrade their digital systems for planning advice, including exploring establishing a single planning portal for all environmental agencies.
- Streamline delivery of major water projects. Defra will amend the Specified Infrastructure Projects Regulations (SIPR) to allow major water projects to be delivered more quickly and with better value to billpayers. This means major reservoir

schemes, like the Abingdon Reservoir near Oxford and the Fens Reservoir near Cambridge, will benefit from using the successful licensed infrastructure provider model that delivered the Thames Tideway project.

- Ensure our planning system supports growth. Ministry of Housing, Communities & Local Government (MHCLG) will be reforming the system of statutory consultees. This will: i) make clear that statutory consultees should be focused on growth; ii) signal a spring consultation on the impact of removing some statutory consultees and reducing the permissions they need to be consulted on; iii) make clear that local planning authorities should only consult statutory consultees where really necessary; iv) set up a new performance framework to monitor performance, including an MHCLG-HMT ministerially-led review point; and v) signal that government intends to allow statutory consultees to recover costs for advice.

Health and safety regulation

21. We will tackle instances where current approaches are unnecessarily limiting growth. This means working with regulators to identify specific opportunities where we can adapt practices whilst maintaining high-standards across our economy. This includes:

- HSE and DEFRA consulting on how international approvals can be recognised to reduce the time and cost to bring chemical products, including biocides, to the GB market.

HSE are also initiating work in 2025 to:

- Consult on potential changes to the definitions, occupational diseases and dangerous occurrences reported under the Reporting Of Injuries, Diseases and Dangerous Occurrence Regulations 2013 and consider improvements to the reporting process to ensure business can comply in the most efficient way possible.
- Review older prescriptive legislation, specifically the Pressure Systems Safety Regulations 2000 and the Lifting Operations and Lifting Equipment Regulations 1998, and consult to identify and remove unnecessary regulatory burdens and identify potential changes to this legislation to reflect technological advances and reliability of work equipment.

Defra will reduce UK REACH fees next month by an estimated £40m in total over the next six years, with the cost of registration expected to reduce for over 90% of firms.

Action 2: Reduce uncertainty across our regulatory system.

22. We will work with regulators to achieve greater clarity on their roles, approach and processes. This will include making sure regulators have a focused set of duties and clear steers, including a strong focus on investment and growth, and clear processes and published timelines for decisions.

Duties and roles

23. We will simplify the duties of our key regulators, so they are able best to support growth and investment, including:

- Through the review of Ofgem, we are looking to streamline Ofgem's duties and objectives, allowing it to focus its delivery on key national priorities, including protecting consumers and growth.
- The independent commission into the water sector regulatory system, led by Sir Jon Cunliffe, has now launched its Call for Evidence and will report back with recommendations by June 2025. In reviewing the statutory duties and responsibilities of each regulator in the water sector, the commission will consider the removal or consolidation of responsibilities where regulators have accumulated too many duties, or where duties overlap.
- The Secretary of State for Transport will set out by the Summer how we will reform the Office for Road and Rail, including streamlining its duties, as part of the Government's response to the Railways Bill consultation.
- HMT will look to review the number of the PRA's and FCA's "have regards" to identify opportunities to rationalise them and ensure a focus on their priorities.

24. We will work to ensure that regulators within sectors align to deliver best outcomes. In financial services, for example, to ensure the sector remains world-leading our Financial Ombudsman Service (FOS) must be set up in such a way that it works well for consumers, small businesses and for financial services firms.

25. Building on the announcements the Chancellor made at Mansion House, and steps to modernise the FCA's rules for dispute resolution, the government will go further. The Economic Secretary to the Treasury has been asked to examine whether the FOS, as it stands today, is delivering its role as a simple, impartial dispute resolution service which quickly and effectively deals with complaints against financial services firms and which works in concert with our Financial Conduct Authority which regulates the sector. The Economic Secretary will focus, in particular, on a range of points that have been raised as part of our consultation on the growth and competitiveness strategy. This will include addressing concerns around:

- The framework in which the FOS operates which has resulted in it acting, at times, as a quasi-regulator.
- Whether the FOS is applying today's standards to actions that have taken place in the past.
- The practices that have grown up over time on compensation.

This work is expected to conclude by the summer and the government stands ready to legislate in order to ensure that we have a dispute resolution system in the UK which is fit for a modern economy.

Transparency and Performance

26. Alongside clarifying roles and duties, we are also working with regulators to strengthen transparency, so that business and the public can see how regulators are performing and we can drive culture change. Going forward, we expect regulators to:

- Publish clear, time-bound targets for processing authorisations; and their performance against these targets.
- Stress-test these targets with industry to ensure these are properly calibrated for the sector.
- Ask their stakeholders how they can improve their service and draw up action plans to do so, with an update to Government by June.

27. Where businesses and regulators agree there is a case to expedite decisions and authorisations, we will work with regulators to identify process improvements including the introduction of paid-for “fast lanes” for regulatory approvals. This work will identify where legislation may be needed but also ensuring the necessary checks and balances are in place to ensure there is no deterioration in high quality services elsewhere.

Environmental regulation

28. Ahead of the publication of the Corry Review into environmental regulation, it is clear that our regulatory system for the environment is not fit for purpose in driving nature recovery or economic growth, lacking a strong link to our Environment Act targets and imposing unnecessary, increasing costs on businesses. The government will use the review to bring forward packages of reform, including, if necessary, legislation to improve the effectiveness of environmental regulation.

29. These reforms will be designed to ensure that regulators’ statutory purposes are focused on their core missions and enable them to take proportionate risk-based decisions that support the delivery of national priorities.

30. We will fully consider the report’s recommendations. The government will:

- Rapidly review and rewrite the existing catalogue of environmental compliance guidance so that it is fit for purpose, removing any duplication, ambiguity and inconsistency. Guidance should help businesses navigate regulatory requirements, not add additional complexity. This will include Natural England revising their standing advice to Local Planning Authorities on bats and removing the reference to the Bat Conservation Trust.

Defra is also making plans to move quickly to:

- Publish new strategic policy statements for all regulators to mandate regulators to use constrained discretion to deliver desired outcomes within the law.
- Allow trusted nature conservation and environmental partners and other trusted organisations greater autonomy through memoranda of understanding and wider deployment of class licenses; enabling them to move fast on restoring nature without applying to multiple regulators for permissions.
- Explore launching a Nature Market Accelerator to bring much needed coherence to nature markets and accelerate investment.

Competition

31. We are working with the leadership of the CMA to ensure its activities are pacy, predictable and proportionate for businesses and investors, building on the substantial actions already undertaken by the CMA while preserving its independence. Next steps will include:

- A new Growth-focused Strategic Steer to the CMA in the coming weeks, following the conclusion of a consultation on the draft Steer on 6th March, recognising the important role of competition in driving economic growth.
- Bringing forward a consultation in the coming months on legislative reform proposals where the Government can take action to improve the pace, predictability and proportionality of the UK's competition regimes. This consultation will include proposals to provide more certainty on where mergers will be subject to investigation in the UK by addressing uncertainty with the existing Share of Supply and material influence tests.
- As recently announced by the CMA, the CMA is also taking forward applying the 4Ps across its digital markets works.
- We will also consider introducing measures supporting the CMA's work in reviewing the Markets Regime to improve Pace, Proportionality, Predictability and Process. These will ensure that where CMA Market Investigations lead to binding remedies that businesses have to comply with and that the necessity for them is regularly reviewed.

Financial Services

Building on announcements made at the Chancellor's Mansion House speech last year - and the issuing of new remit letters for growth - we will also continue to build on proposals brought forward by financial regulators, including:

- HMT will work with the regulators, the Office for Investment and the City of London Corporation to establish a concierge service that enhances the attractiveness of the UK as a destination for global financial services, by making it easier for firms to navigate the UK regulatory landscape and broader barriers to entry.
- A package of measures to enable the FCA to support early-stage innovative firms to start conducting regulated activities, including more dedicated support, issuing "minded to approve" notices to support fundraising, and considering whether we can update the legislative framework to allow relevant firms to conduct limited regulated activities with streamlined conditions.

32. **Annex A** also details a wider range of recent commitments made by a host of regulators - across all sectors - working closely with government.

Action 3: Challenge and shift excessive risk aversion in the system.

33. It is vital that regulations and the actions of regulators are proportionate, striking the balance between consumer protection and growth. It is vital that regulation and the actions of regulators are proportionate. This requires a more consistent approach across

departments and greater focus on the activities of regulators to make sure we are striking the right balance between consumer protection and growth.

34. This requires a whole-of-government approach, so we are strengthening the model of accountability and formalising performance reviews which will be conducted by all sponsoring government departments. These reviews will:
- a. Hold regulators to account for their performance against their statutory duties and strategic steers from government.
 - b. Hold regulators to account for reducing administrative costs.
 - c. Monitor their regulator's performance with business through their published KPIs and industry feedback.
 - d. Improve strategic alignment between Secretaries of State and their regulators.

AI

35. We outlined in our response to the AI Opportunities Action Plan the actions that this Government will take to build on our pro-innovation regulatory approach to AI. Government departments will work proactively with their regulators to identify regulators' future AI capability needs and provide clear strategic direction on the importance of promoting safe AI innovation. Artificial intelligence is the defining opportunity of our generation; while effective regulation can fuel fast, wide and safe development and adoption of AI, ineffective regulation holds back innovation. This Government, through its response to the AI Opportunities Action Plan, will act now to ensure that our regulatory regime is fit for the age of AI.

Innovation

36. We also recognise that, with the right approach, regulation can be a strategic asset to enable innovation, provide more certainty for innovators and support the UK's international competitiveness.
37. We have set up The Regulatory Innovation Office (RIO) to position the UK as the best place in the world to commercialise technologies and innovation. Its key functions are to:
- Work with innovative businesses, regulators and departments to address regulatory barriers that are holding back innovation; and
 - Drive wider change in regulators' behaviour and attitudes towards innovation.
38. The RIO has been working alongside departments and regulators on the following priorities:

On AI and Digital in Healthcare, RIO is:

39. Working with the Department for Health and Social Care, industry, clinicians and health regulators to develop a roadmap to unlock the potentially transformative benefits of AI for the NHS, from drug discovery to healthcare delivery, while safely and effectively regulating in this area. This includes:

- With the Department for Health and Social Care and the medical device regulator, the MHRA, launching a second year of the 'AI Airlock'. The next phase will work with a new cohort of candidates to identify and address a new set of regulatory challenges. The lessons will help drive "right first time" regulatory submissions, ultimately reducing costs for industry and enhancing patient access to novel products. Expansion of the AI Airlock may involve working closely with international partners, academia and allied healthcare bodies, as well as focusing on specific clinical priorities or products. This builds on a commitment in the Government's AI Opportunities Action Plan to focus on enabling safe AI innovation in Departments' strategic guidance to regulators, and building regulators' AI capability.
- This is supported by a commission to the Regulatory Horizons Council for advice on the regulation of generative AI in health, building on the Health Secretary's [response](#) to the RHC's report on the regulation of AI as a Medical Device.

On supporting the UK space industry to continue its rapid growth, RIO is:

40. Working with DSIT, DBT, DFT, the Civil Aviation Authority (CAA), and Ofcom to develop clear digital pathways on GOV.UK to provide a comprehensive user journey that enables space operators to efficiently navigate space regulations and speed up approval times; and supporting work with DFT and the CAA to develop metrics to measure the performance of current practices designed to improve the licensing processes for space activity.

On drones and autonomous technology:

41. Building on a number innovative drone trials funded by Future Flight Challenge and the Regulators' Pioneer Fund - including the partnership launched in July 2024 between Argyll and Bute Council and drone specialists Skyports to explore how drone deliveries can benefit remote businesses and communities - the government and Civil Aviation Authority (CAA) have confirmed the extension of the Apian health bridge trial. This trial uses drones to transport blood from cancer patients at Guy's Hospital for urgent screening by specialists at St Thomas's. RIO and DfT have also been working with the CAA to accelerate approvals and to develop metrics to boost transparency in their service to the sector.
42. In addition, the CAA will enable at least two further and larger scale trial operations by the end of 2025. During 2025, the CAA will also launch an initial implementation of the UK's Drone Market Surveillance Authority, streamlining the process for companies to manufacture and identify drones that are able to pass required safety criteria, which in turn will simplify commercial operations for many UK businesses.

On engineering biology:

43. We have also recently announced Round 2 of the Engineering Biology Sandbox Fund. This Fund, opening in April, will accelerate pro-innovation regulatory reform and encourage

business innovation and investment. This will drive growth in sectors ranging from fuels and food to health and the environment, contributing to the Government missions on economic growth, public health, and clean energy.

44. Building on the clear momentum and strong interest generated through the regulatory sandbox for cell-cultivated products, the government is working with the Food Standards Agency and Food Standards Scotland to build capability and capacity to support development of innovative products such as precision fermented foods. This regulatory support will speed up approval times, create certainty for innovators and help the UK capture the growth benefits of these innovative products.

On the quantum sector:

45. Drawing on insights and recommendation from the RHC's report "Regulating Quantum Technology Applications", in October 2024 the UK became the first country to publish a strategy for regulating quantum technologies. As part of this, DSIT is now establishing a new forum for regulators to prepare for the quantum revolution, supporting industry-led principles to guide the development of the technology and scoping measures to upskill regulators and ensure they work with industry to adapt their regulatory frameworks.

March 2025

Annex A: Key regulator pledges

We have worked with a set of key regulators over the past few months to develop measures which will both: a) have a tangible effect on driving growth and investment; and are b) implementable within the next 12 months.

Sponsor departments across government will continue to work closely with listed regulators and others in this ongoing endeavour.

Financial Conduct Authority (FCA)	Provide a dedicated case officer to every firm within the FCA's regulatory sandbox.
FCA	Provide 50% more dedicated supervisors to early and high growth firms, to help them navigate the regulatory system and support their growth.
FCA	Extend pre-application support to all wholesale payments, and crypto firms.
FCA	Indicate more often that the FCA is 'minded to approve' start ups to help them secure funding.
FCA	Simplify its mortgage and advice rules to support greater home ownership.
FCA	Welcome FCA work to review the contactless payment limits, including removing the £100 limit on individual payments.
FCA	Accelerate a review of capital requirements for specialised trading firms
FCA + Prudential Regulation Authority (PRA)	HMT will review the FCA's and PRA's 'have regards' to rationalise them and ensure a focus on their priorities.
FCA + PRA	Reduce regulatory reporting requirements for firms.
PRA	The PRA will consult this April on a matching adjustment investment accelerator aimed at reducing the time between life insurers identifying a productive investment opportunity and making that investment.
The Pensions Regulator	TPR will review the amount of capital reserving that Master Trusts are required to hold, with a view to safely freeing up millions of pounds for schemes by the end of 2025/26.
The Pensions Regulator	Develop an innovation framework and criteria to trial pensions innovation ideas and launch a hub to test a variety of innovation services with the market by the autumn of 2025
The Pensions Regulator	Reduce unnecessary regulatory burdens and improved data and data-sharing by: <ul style="list-style-type: none"> i. Over the course of 2025/2026, TPR will monitor its engagements with schemes and employers seeking to reduce unnecessary regulatory burden whilst maintaining current high levels of compliance. As part of this it will monitor the quality and value of regulatory interaction and make sure that new interventions are not just clearly linked to delivery of better outcomes for savers but are also efficient and effective in delivery. ii. TPR will conduct a review of its scheme return and supervisory return data collection requirements by the end of March 2026 to identify options to reduce unnecessary burdens on schemes. Subject to the outcome of the review, the

	government will consider how and what we capture including amendments to legislation as required.
The Pensions Regulator	Encourage consolidation and consideration of investment in productive assets by: <ul style="list-style-type: none"> i. The Value for Money framework will bring public disclosure of long-term risk adjusted net returns to help drive competition, growth and enhanced member outcomes. In advance of this TPR will drive consolidation in savers' interests and encourage the voluntary disclosure of asset allocation data to shine a light on the relationship between asset allocation and net performance.
Environment Agency	Accelerate responses to planning applications, bringing performance back within the 21 day target by September 2025, supported by: <ul style="list-style-type: none"> i. Investment in the development of modernised, fit for purpose digital systems and enhancing digital services; ii. Dedicated support for infrastructure related to priority sites contributing to housing and clean energy priorities through its recently established National Infrastructure Team
Environment Agency	Make its permitting service more efficient and transparent for investors by: <ul style="list-style-type: none"> i. Introducing priority tracked services for more complex applications, starting with a trial for major infrastructure projects and growth sites; ii. Providing additional support through the Hydrogen and Carbon Capture Utilisation and Storage Programme to ensure permitting does not delay roll-out;
Environment Agency	Commence the process of finding an AI partner to collaborate with on streamlining digital services.
Environment Agency	Improve its regulatory transparency and consistency to help businesses they regulate understand EA decision making and reduce uncertainty. It will enable communities to better understand their local environment and take appropriate action. Starting in the Spring, Compliance Assessment Reports (CAR) for water quality Environmental Permitting Regulations (EPR) permits will be published online, providing access to records when EA visit operators to check they are complying with their permit. A rolling programme bringing CAR forms for further sectors will follow.
Environment Agency	Ensure growth projects consider environmental limits and solutions from the outset by providing technical advice on environmental capacity for growth in industrial clusters to support our approach to spatial planning, commencing with Humberside, Teesside and Merseyside.
Environment Agency	Partner with the Office for Investment to attract investment in priority sectors, identifying key investment opportunities for priority sectors with the EA providing early advice to support planning and environmental permitting.
Natural England	Increase usage of self-regulation by moving regulatory responsibilities onto trusted landowners, large organisations, and trade bodies, including through accelerating Organisational and Project Licensing and the Bat Earned Recognition Programme, with assurance achieved through more monitoring of outcomes.
Natural England	Deliver a more flexible service to customers, proactive engagement with major housebuilding programmes through enhanced pre-application advice and greater use of strategic solutions.
Natural England	Maximise strategic approach through reform, where the current legislative framework could be streamlined - for example on nutrient pollution, and newt and bat licensing - including delivering Local Nature Recovery Strategies, and the Nature Restoration Fund, which will save developers time and money, whilst

	protecting the environment.
Natural England	Reduce the cost of delivering regulatory requirements by embedding changes to increase NE's risk appetite and optimise opportunity for environmental gain, through updating guidance and increasing the use of Ministerial directions.
Natural England	Work with government to develop a workforce plan on how to improve skills capability, including addressing environmental skills necessary to implement reforms with decision makers. For example, through an enhanced training offer for Local Authorities with the Planning Advisory Service.
Ofwat	Work with the sector and other regulators to optimise the pipeline of £50 billion of investment across 30 major projects and work with the sector to accelerate projects where possible.
Ofwat	Deliver the innovation fund to £400m, which has doubled in size, to drive innovation and productivity within the water sector.
ORR	Conduct a deep dive into the rail network investment framework with the rail supply chain to encourage direct investment into railway infrastructure.
Civil Aviation Authority (CAA)	The Government can confirm today that it will deliver a step change in how airspace modernisation is taken forward by establishing a UK Airspace Design Support Fund. We are now working with NATS, with the shared ambition for the UK Airspace Design Service to be up and running this year.
CAA	By September 2025, the CAA and DfT will consult on a package of changes to the process for making airspace design decisions more proportionate, whilst retaining the important principles of a transparent, evidence-based process that will involve all stakeholders.
CAA	Building on the successful beyond visual line of sight drone trial operations in 2024, the CAA will enable at least two further and larger scale trial operations by the end of 2025.
CAA	During 2025, the CAA will launch an initial implementation of the UK's Drone Market Surveillance Authority, streamlining the process for companies to manufacture and identify drones that are able to pass required safety criteria, which in turn will simplify commercial operations for many UK businesses.
CAA	In 2025 the CAA will deliver a new digital licensing service for air traffic controller licensing and conclude the first stage of a new digital professional pilot licensing service that will make it quicker and easier for pilots to get and retain their licenses.
CAA	The CAA is expanding its sandbox safe trial activity for hydrogen propulsion to help inform the regulatory framework for this nascent technology and encourage investment. With DfT funding for the next 12 months confirmed, the number of participants is increasing from 3 to 13.
Ofgem	Over the next 12 months, Ofgem will work with government, the National Wealth Fund and GB Energy to ensure regulation and the full range of government levers, subject to spending review decisions, support new entrants into the market and maximise economic opportunity.
Ofgem	Ofgem will ensure that the price cap continues to protect consumers who are not able to engage, but that it can adapt to a changing market, with more options for consumers to take advantage of different pricing and to flex their usage accordingly.
Ofgem	DESNZ will work with Ofgem over the next 12 months to consider the future of the

	energy retail market; including how it could better enable innovation to support consumers, system transformation and growth.
Ofgem	Offer flexibility in retail rules to allow new entrants or existing companies to try new commercial approaches. Ofgem will be updating its licence application guidance in the summer to help innovators who are looking to apply. Later in the year, Ofgem will set out next steps on more flexible retail rules, and in the meantime will work closely with DESNZ on how to support local energy.
Ofgem	Ofgem will work with the government to develop ways of rewarding consumer-led flexibility - so customers can benefit from using energy at times when it is cheapest to produce, and system costs can be minimised for everyone. A package of measures will be announced in the summer.
Ofcom	Secure and reliable networks are central to all aspects of our digital lives and a key driver of economic growth. In 2025 Ofcom will be finalising the second half of its ten-year framework to secure competitive investment in fibre. As part of this, Ofcom commits to publishing its consultation on the Telecoms Access Review by the end of March 2025.
Ofcom	Using spectrum to power innovation across the economy, this year Ofcom will go further to unlock spectrum sharing and make spectrum more available by: <ul style="list-style-type: none"> a) Opening up shared access in mmWave for private networks b) auctioning mmWave spectrum for mobile use c) facilitating greater use of existing spectrum by enabling greater sharing by Autumn 2025.
Ofcom	This month, Ofcom will also consult on satellite direct to mobile device, (services that enable mobile handsets to connect to satellites) which could assist in plugging mobile coverage gaps.
Ofcom	To improve the data provided to consumers on the mobile coverage they are likely to experience where they live, Ofcom will deliver the first phase of the improved web-checker by summer 2025.
Ofcom	Ofcom has developed a dedicated Digital Support Service which provides interactive guidance to help organisations understand and implement the Online Safety rules. The first phase of this service launched in beta in January 2025, and Ofcom will complete the next phase of this work by summer 2025.
Information Commissioner's Office (ICO)	Piloting an extension of its regulatory sandbox to enable organisations to test data-driven innovations with exemptions from specific regulatory requirements, under supervision by the ICO. Findings will inform future regulatory reforms, ensuring that data protection law keeps pace with technology.
ICO	Relaxing enforcement of consent rules for privacy-preserving online advertising, ahead of exemptions to these legal requirements being introduced by government, where appropriate. This will support growth in the advertising sector whilst making privacy enhancing online advertising viable in the market. The ICO will invite organisations to test new advertising business models in its extended regulatory sandbox.
ICO	Producing a new statutory Code of Practice on AI and automated decision-making to make it easier for AI developers and users to understand and apply data protection law and innovate responsibly. With the ICO's innovation services, this will make the UK the destination of choice for AI developers looking to test their ideas before entering the European market.

ICO	Scaling up the ICO's data essentials training and assurance for SMEs to reduce industry compliance costs. This will increase customer trust, and grow SMEs' confidence in using personal data responsibly to grow their businesses.
ICO	Developing new guidance on international data transfers, which underpin 40% of UK exports, to support frictionless trade across borders. The ICO will also update their transfer risk assessment tools to underpin the Data (Use and Access) Bill reforms to create a more proportionate and risk-based regime.
Food Standards Agency (FSA)	The FSA will roll out a new approach to food standards inspections across all local authorities in England by spring and consult on new approaches to food hygiene controls by June.
FSA	The FSA will support UK businesses in meeting EU regulatory requirements for food grade recycled plastic, by taking on a new role as the competent authority.
FSA	The FSA will prioritise its work on trade to conduct six inward audits in 2025 in order to facilitate trade in food and drink.
FSA	The FSA is establishing a regulatory sandbox for cell cultivated products (CCPs). We will publish our first wave of bespoke guidance this year to provide industry with essential clarity on safety and legal requirements to enable these products to be considered for sale.
Medicines and Healthcare products Regulatory Agency (MHRA)	The UK will be the first country in the world to bring the delivery of innovative and personalised medicines ever closer to patients. From July 2025, new regulations will allow the safe development of highly personalised and critical medicines to be manufactured and supplied for patients in hospitals or in their homes, at the point of care. Making it easier to manufacture innovative medicines in the UK will increase the attractiveness of the UK as a destination to market new life-saving medicines.
National Institute for Health and Care Excellence	NICE is continuing to transform its Technology Appraisal process, building on its success reducing evaluation times by a quarter in the last year. This year 40% of Technology Appraisals were completed in 240 working days after Marketing Authorisation, and NICE's transformation will reduce this further to 60% for appraisals started in 2025/26.
MHRA and NICE	Improve alignment between MHRA decision and NICE guidance publication - The MHRA and NICE will tackle information sharing and collaboration between technical experts to remove delays to patient access to medicines. This pilot will see the MHRA and NICE exploring the development of a joint process to provide a new offer to industry: concurrent marketing authorisation (from the MHRA) and technology appraisal (from NICE), enabled by enhanced data sharing and collaboration between technical teams, saving time and delivering further efficiencies intended to benefit industry and patients.
MHRA and NICE	Integrated pre-market scientific advice - Working in partnership, the MHRA and NICE will launch a fully 'Integrated Scientific Advice' service, accessed through a single point of entry. The new service will further establish the UK as a primary destination for clinical trials and investigations while ensuring translation of investigative medicines and medical devices to licensed products and quicker access to the healthcare system.
Health and Safety Executive (HSE)	HSE will initiate work in 2025 to consult on potential changes to the definitions, occupational diseases and dangerous occurrences reported under the Reporting Of Injuries, Diseases and Dangerous Occurrence Regulations 2013 and consider improvements to the reporting process to ensure business can comply in the most

	efficient way possible.
HSE	HSE will initiate work in 2025 to review older prescriptive legislation, specifically the Pressure Systems Safety Regulations 2000 and the Lifting Operations and Lifting Equipment Regulations 1998, and consult to identify and remove unnecessary regulatory burdens and identify potential changes to this legislation to reflect technological advances and reliability of work equipment.
HSE	HSE and DEFRA will consult on how international approvals can be recognised to reduce the time and cost to bring chemical products, including biocides, to the GB market.