National Audit Office

REPORT

# Regulating for growth

Department for Business & Trade, HM Treasury

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# Key facts

## 10

cross-government initiatives since 2005 designed to reduce the cost of regulation to support economic growth

## £5.6bn

net annual reduction target for administrative burden on business over the current Parliament

## 64%

of regulators we surveyed expect innovation to be the greatest determinant of economic growth

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| **16** | regulators the Department for Business & Trade (DBT) and HM Treasury (HMT) define as key to economic growth[1] |
| **2017** | year that the Growth Duty legislation came into effect, which requires specified regulators to 'have regard' to promoting economic growth |
| **71%** | of regulators we surveyed that reported implementing the Growth Duty |
| **78%** | of regulators responding to our survey and implementing the Growth Duty found DBT's 2024 Statutory Guidance helpful |

1 When HMT published the Action Plan in March 2025, there were 17 key regulators. The Payment Systems Regulator has since been absorbed by the Financial Conduct Authority. In October 2025, the Office for Nuclear Regulation (ONR) was included in an update of key regulator pledges. The ONR is not included in this number.

# Summary

## Introduction

**1** In March 2025 HM Treasury (HMT), published its '*New approach to ensure regulators and regulation support growth*' (the 'Action Plan'). The Action Plan outlines a strategy to encourage regulators and regulation to support innovation and economic growth, and a commitment to cut the administrative burden on business by 25% by the end of the Parliament.[2] The Action Plan makes clear that when regulation is designed and implemented well, it can be a tool to promote growth and investment. Conversely, if poorly designed or implemented, regulation can stifle productivity, investment and growth.

**2** Regulation is often designed by individual departments and implemented by regulators. The Department for Business & Trade (DBT) leads on regulatory reform across government. HMT leads on growth and productivity policy. Sponsor departments can set expectations for regulators operating in their policy areas through their strategic steers. Regulators take account of their policy steer, while delivering their statutory duties.

**3** The Action Plan builds on past initiatives such as the 2017 Growth Duty, which was introduced by DBT's predecessor. It is a statutory requirement for specified regulators to 'have regard' to promoting economic growth. Since 2005, there have been at least 10 cross-government initiatives designed to reduce the cost of regulation to support economic growth.

2 HM Treasury, New approach to ensure regulators and regulation support growth, March 2025 (viewed on 16 June 2025).

## Scope of this report

4 The purpose of this report is to support DBT, HMT, regulators and sponsor departments in their pursuit of growth, as they embark on a new programme of work to deliver the Action Plan. It examines whether government and regulators are aligned in their understanding of how regulation can contribute to growth, and whether DBT and HMT are taking forward the learning from the Growth Duty and previous initiatives. At the time of publication, DBT and HMT are 10 months into the four-year programme. The report covers:

- DBT's and HMT's response to the Action Plan, progress to date, and the challenges to delivering the vision laid out in the Action Plan (Part One);
- lessons from related regulatory initiatives and the implementation of the Growth Duty, and how regulators are held to account (Part Two); and
- how regulators can support long-term growth, and examples of actions regulators are undertaking in the pursuit of growth (Part Three).

5 In this report we have audited DBT and HMT. We also conducted a survey of regulators subject to the Growth Duty, based on a list provided by DBT, with responses from 56 regulators. Survey responses were supplemented by interviews with both regulators and sponsor departments.

## Key findings

### Delivery of the Action Plan

6 **The Action Plan intends to make regulators less risk averse, but DBT and HMT have not asked departments to articulate their risk appetites for regulators.** Regulation requires balancing different objectives and risks, and managing the associated trade-offs. For example, a decision to relax affordability standards for mortgages to help more people purchase a home must accept a higher risk of home repossession and consumer distress. DBT and HMT have not yet articulated how regulation can enable growth in the context of balancing objectives with managing, and accepting, greater risk. Without this it is unclear how regulators and sponsor departments can align their strategy for growth and appetite for risk. Some regulators, such as the Financial Conduct Authority and Ofgem, are developing their own frameworks to articulate how their work contributes to multiple objectives, including growth. DBT and HMT have begun work to develop an analytical framework to illustrate how they expect regulation to contribute to growth. They are also working to ensure sponsor departments provide growth-oriented steers to the key regulators. Both of these measures could enable and inform a discussion between departments and regulators on risk appetite, though DBT and HMT have not asked departments to articulate their risk appetite (paragraphs 1.29 and 1.30).

7 **DBT and HMT set up a joint unit (the Unit) to drive the delivery of the Action Plan, but departments and regulators are responsible for delivery.** HMT is accountable for the Action Plan. The Unit is responsible for coordinating the Action Plan and ensuring the programme remains on track. Departments are responsible for delivering a number of actions in the plan, including working with regulators to reduce the administrative burden for businesses, and conducting Secretary of State performance reviews of regulators. Our survey suggests that sponsor departments are well placed to do this. Three-quarters (73%) of the 56 regulators responding to our survey agreed that their sponsor department understands how the regulator impacts growth (paragraphs 1.8 to 1.10, 1.12 and 1.14, and Figure 1).

8 **Regulators are making progress in delivering their pledges but it is too early to assess the impact for businesses or the contribution to growth.** There are 16 key regulators named in the Action Plan, responsible for delivering 60 pledges within 12 months.[3] Approximately half of the pledges were announced or were in place prior to the Action Plan. A number have already been delivered. For example, Ofcom has launched an online tool ('Map Your Mobile') which allows consumers to identify the quality of coverage they are likely to experience from different mobile providers in their area. In September 2025, the Prudential Regulation Authority (PRA) launched a consultation aimed at streamlining and reducing regulatory reporting from banking firms. The changes will come into effect on 31 December 2025 and the PRA estimates they will save banks an estimated £26 million annually (paragraph 1.20, Example 2 and Figure 1).

9 **The DBT-HMT Unit has not yet established a regular reporting cycle to maintain momentum to deliver the Action Plan, monitor outcomes and identify risks.** The Action Plan requires a number of actions and pledges to be delivered. Departments provided updates in April, July and October, but without a central monitoring plan shared with departments, requests from the Unit have appeared ad-hoc. The Unit is in the process of establishing a timely reporting cycle to monitor delivery of the Action Plan and identify risks. In October 2025, HMT published a detailed progress update including key performance indicators for the key regulators and corresponding performance. The Unit intends to update these quarterly, to ensure regulators are held to account to demonstrate improvements. It is too early to assess the impact the Action Plan is having for businesses and growth, but the Unit does not have a fully developed strategy to monitor and evaluate the impact of the actions on growth. It plans to use research such as the Business Perception Survey and impact analysis of reforms to do this (paragraphs 1.12, 1.14 to 1.17, 1.20 and 1.21).

3 There were originally 17 regulators identified by DBT and HMT, but since the Action Plan's publication the Payment Systems Regulator has been absorbed by the Financial Conduct Authority. In October 2025, the update on key regulator pledges included two new pledges for the Office for Nuclear Regulation and removed two pledges from Ofgem, one of which was included in the overall progress update.

10 **The DBT-HMT Unit must rely on departments to deliver the 25% administrative burden reduction, but departments do not have individual targets.** The Unit estimates that the 25% administrative burden reduction target equates to a net annual target of £5.6 billion by the end of the Parliament. Departments do not have individual targets. Departments will submit annual simplification plans to the Unit each Spring, but it is too early to know whether departmental plans to reduce the administrative target will sum to 25%. In October 2025, the Unit was establishing how it will monitor progress between iterations of plans and intends to monitor the high priority measures. The Unit has published, though not independently validated, £1.5 billion in gross administrative savings but concluded progress was 'off track' to deliver the 25% reduction (paragraphs 1.13 to 1.15 and 1.21).

11 **The administrative burden is only one part of the regulatory cost to business.** The administrative burden is a subset of the overall regulatory cost to business and narrower than what is currently used in government impact assessments. It is the additional expense incurred to demonstrate and report compliance with regulation. For example, when a landlord gets an Energy Performance Certificate (EPC), the administrative burden is the cost of generating the certificate. It does not include the costs associated with insulating premises to comply with regulatory requirements (paragraphs 1.22 to 1.24 and Figure 2).

12 **There is a risk that costs imposed by new legislation outweigh any decrease in administrative burden, and businesses do not notice a reduction.** The administrative burden reduction target is £5.6 billion. Businesses may find themselves subject to greater costs, even if departments and regulators succeed in generating administrative savings, as a result of new policy measures designed to benefit society. For example, in 2021, reforms to the energy efficiency requirements of homes were estimated to deliver a social benefit of £4.5 billion over 70 years, but cost business £4 billion over 10 years. The administrative burden target also has exclusions such as building safety regulations. Our 2016 report on the Business Impact Target (BIT) noted that the BIT also had exclusions such as the National Living Wage and Apprenticeship Levy. The report noted this may have undermined the programme's credibility with businesses, departments and other stakeholders (paragraphs 1.13, 1.25 to 1.26, 2.4 and 2.5).

## Learning lessons

13 **The 2005 and 2010 programmes successfully cut costs to business and prioritised high impact measures.** Historically, a small number of measures account for a significant proportion of savings or costs to businesses. DBT's predecessor reported that the Administrative Burden Reduction Programme achieved a 27% reduction between 2005 and 2010. In 2008 we found the Programme benefited from departments prioritising reductions in high-cost areas and issues that matter most to business. Similarly, the government estimated that it reduced regulatory costs to business by £10 billion between 2010 and 2015, and our 2016 report found that over 90% of the reduction in regulatory costs to business over this period was due to just 10 changes. Neither DBT nor HMT formally evaluated previous initiatives to understand why some programmes were more successful than others (paragraphs 1.27, 2.3 and 2.4).

14 **DBT has not systematically monitored regulators' implementation of the Growth Duty, cannot confirm whether the duty has had an impact on growth, and has been unable to share good practice or hold regulators to account.** DBT does not have a definitive list of which regulators are in scope of the Growth Duty and has no mandatory reporting arrangements in place to monitor implementation or outcomes. It conducted a round of voluntary reporting in 2024, but only 18 regulators responded, making it challenging to evaluate whether the legislation has had its intended impact. As a result, DBT cannot confirm which regulators have implemented the duty, or how, and has been unable to share good practice or hold regulators to account. DBT intends to reform the Growth Duty so that the legal framework is clearer and more focused. Since the introduction of the Growth Duty there has been limited Parliamentary scrutiny, with only four select committee hearings mentioning the Growth Duty (paragraphs 2.17 to 2.22 and Figures 5 and 7).

15 **Our survey found that the majority of regulators are changing how they operate as a result of the Growth Duty.** Nearly three-quarters (71%) of the 56 regulators we surveyed report taking specific actions to implement the Growth Duty.[4] Changes include updating impact assessments to consider growth, ensuring growth is a more prominent consideration in decision making, and publishing external reporting on implementation of the duty. For example, Ofgem told us that the Growth Duty contributed to the decision to accelerate an additional £28 billion investment in large strategic onshore electricity transmission projects, with the ambition of facilitating growth by enabling connections to meet new industrial demand. In 2024 the Information Commissioner's Office launched an online tool to help small businesses, and it has since been used by 6,000 businesses to generate privacy notices (paragraphs 2.10 to 2.13, 3.5, and Example 1).

4 We have not audited regulator actions or implementation. We therefore do not comment on the effectiveness of them.

16 **Regulators find guidance and engagement with DBT and HMT helpful.** The majority of regulators (78%) responding to our survey and implementing the Growth Duty found DBT's 2024 Statutory Guidance helpful, and overall nearly 70% agree it provides a clear definition of growth. Regulators we spoke to also confirmed engagement with DBT and HMT was helpful to understand the policy direction of the Action Plan. By October 2025, the Unit had issued guidance to aid consistent reporting of the administrative burden target and Secretary of State performance reviews (paragraphs 1.10 to 1.11, 1.14, 1.18 and 2.14 to 2.16).

17 **Regulators tell us that innovation in the sectors they oversee will be the greatest driver of growth over the next decade.** Nearly two-thirds (64%) of regulators responding to our survey expect innovation to be the greatest determinant of economic growth over the next 10 years, and 61% identified it as the main driver of growth that they contribute to. Responses to our survey suggest that regulators are supporting innovation in a number of ways, including reducing the costs of compliance, changing organisational design to support the sector, and reducing barriers to innovation in the sector (paragraphs 3.2 and 3.4, and Figure 9).

## Conclusion on value for money

**18** The Action Plan makes clear that regulation has a vital role in protecting individuals and the environment. It also sets a clear expectation that policy makers and regulators must support growth and innovation and become less risk-averse. In order to achieve the government's vision, DBT and HMT must articulate how regulation can support growth and manage risk simultaneously, and acknowledge the trade-offs regulators face. At present DBT and HMT are not helping departments articulate their risk appetite, which can make it challenging for regulators to operate in line with their sponsor department's expectations.

**19** We found evidence that regulators are implementing changes in response to the Growth Duty, and the new Action Plan is stimulating further action. However, we cannot conclude whether this has had a material impact on growth, because DBT and HMT do not have the data. There are lessons that can be learned from how the Growth Duty and other historic initiatives were implemented. These include prioritising actions that have the greatest impact and implementing structured monitoring of both impact and outcomes. DBT and HMT must formalise an implementation plan around which departments and regulators can coalesce, with effective governance arrangements to monitor outcomes for growth and hold departments and regulators to account.

## Recommendations

**a** DBT's and HMT's joint unit (the Unit) should develop an Action Plan implementation plan and monitoring arrangements by Spring 2026. This should include:

- milestones for regulators and departments that span the whole Action Plan, and a quarterly internal reporting cycle to report progress and risks;
- a reporting timetable to track progress, and flag risks in a timely manner; and
- arrangements for data validation, interim and final evaluation of the programme.

**b** The Unit should draw together a package of work that will help Secretaries of State and select committees hold regulators to account for delivery of commitments and more broadly contributions to the growth agenda, within six months. This should include:

- a risk-based framework that articulates how regulators contribute to growth, their trade-offs and levers;
- innovation and good practice to encourage growth identified through the cross-government regulators' working group; and
- an engagement plan to share the framework with select committees.

**c** In light of the government's commitment to strengthen the Growth Duty, DBT should:

- work with regulators to identify which regulators and regulatory functions are in scope of the Growth Duty, and set this out publicly; and
- review the monitoring framework.

**d** DBT and HMT should improve the monitoring of administrative burden to business by:

- amending the guidance for regulatory impact assessments conducted for new legislation and by regulators, to make sure future assessments distinguish the administrative burden from the overall cost to business; and
- identifying the regulatory actions with the greatest impact and support departments and regulators to deliver these.