



UKRN Launch 19 March 2014

1. What is the UK Regulators' Network (UKRN)?

The UK Regulators' Network (UKRN) is an initiative of the UK economic regulators: [CAA](#), [FCA](#), [Ofcom](#), [Ofgem](#), [ORR](#), [Ofwat](#), [UR](#). Monitor and the Water Industry Commission for Scotland (WICS) are also participating as observers. The regulators have different statutory frameworks and responsibilities, but all are committed to work together on issues of shared relevance. The three main objectives of the network are to improve the consistency of economic regulation across transport, energy, water, communications, financial services and other regulated sectors, to deliver efficiency of economic regulation and to improve understanding of how independent economic regulation works in the interests of consumers, markets, investment and economic performance.

The network's objectives are expressed through delivery and implementation of an ambitious programme of joint work on areas of cross-sectoral significance. Individual projects within the work programme are already in development and the full work programme will be published in early May. Over the next few months UKRN members will engage with stakeholders to ensure that projects are open to wider expertise and challenge.

UKRN is led by the chief executives of the regulators (see note below), with an agile governance structure focused on delivery. Two current members of staff from regulators will form the UKRN Office, a dedicated resource to ensure that projects deliver on time, that project outputs are used and useful, and that links are strengthened and deepened across the network.

The overall strategic direction of the network is set by the CEOs group, chaired for by Richard Price of ORR. The chief executive's group is supported by a group of senior representatives from regulators which is focused on managing delivery of the work programme. The senior representatives group is chaired by Sarah Harrison of Ofgem.

The UKRN Office is led by the Director of UKRN Will Hayter.

Initial enquiries about UKRN should be addressed to Richard Emmott, Director of Communications at ORR Richard.Emmott@orr.gsi.gov.uk

NOTE

1. The CEOs of the nine economic regulators are:

Regulator	CEO
CAA	Andrew Haines
FCA	Martin Wheatley
Monitor	David Bennett
Ofcom	Ed Richards
Ofgem	Dermot Nolan
Ofwat	Cathryn Ross
ORR	Richard Price
Utility Regulator	Jenny Pyper
WICS	Alan Sutherland

2. Background to UKRN

We all rely on essentials such as transport, energy, water, communications and financial services. Many companies that provide these essential services are in the private sector and we rely on them to improve, innovate and invest, so they continue to deliver our essential services efficiently and effectively. Many of these companies operate in markets where competition plays an important part in providing effective protection for consumers and where regulation is important to promote competition. Sometimes, however, competition is not practical or possible, for example for infrastructure networks which are natural monopolies. Where competition cannot be relied on, companies need to be held accountable in the interests of consumers and to ensure efficiency, quality of service, environmental standards and fair trading.

The UK leads the world in using independent regulation to achieve this accountability. This can be through promoting competition, and regulators also use systems of incentives and penalties to protect consumer interests, for example in monopoly networks. Economic regulators are independent. They work for consumers, for households and business customers, not for industry or government. This independence enables regulators to work for the long-term, to build conditions for stability and improvement, so that industry and service providers can innovate and develop new solutions to serve the underlying needs of consumers, not the interests of industry groups.

Many regulatory decisions are controversial, which may be inevitable given the importance of the issues at stake. Regulators operate under public scrutiny and are held accountable to Parliament and to the courts.

Over decades, the independence and expertise of the UK regulators have brought improvements across service areas, by challenging regulated organisations to do better and by ensuring that improvements can be delivered. Independent regulators' consistency and long-term approach have enabled many billions of pounds of investment, with more competition and innovation. The presence of regulation means that investors see risks as low, so they accept dividends or interest rates that provide returns as low as anywhere in the world, benefiting the bill-payer. Regulation and the investment it helps to attract has delivered reliability and resilience, improved customer service, more choice and better value for money for consumers. Investment is also enabling improvements to environmental impacts in many sectors.

Consumer prices are affected by many factors, but overall they are lower than they otherwise would be because stable and independent regulation challenges and incentivises industry to improve efficiency. The UK faces a big investment challenge in the next few years. Money is mobile, which makes a reliable investment climate even more important for the UK. Stable and independent regulation is important to ensure continued delivery for consumers and the economy.

Many regulators work with international partners, in Europe and beyond, to share knowledge and build strong frameworks for globalised markets and networks. In the UK the nine independent economic regulators have joined together in the UK Regulators' Network (UKRN), led by CEOs, to ensure effective cooperation and strengthen work across sectors. Without cutting across the

independence of each regulator, and their ability to make the best judgements for the sectors they regulate, UKRN exists to deliver efficient solutions that take account of and explain differences between sectors while providing clarity, coherence and shared approaches that benefit consumers and the economy.

3. Work programme highlights

In its work programme UKRN will tackle the most significant and pressing challenges facing regulated sectors. Not all the issues the network addresses will be relevant to all members. UKRN will bring together the right group of members to examine each issue and to ensure that solutions are implemented as consistently as possible. The work programme will be published in early May and will include

- Facilitating efficient multi-sector infrastructure investment projects
- Promoting consumer engagement and switching in regulated markets
- Assessing cross-sector network resilience and cyber-security
- Developing a clear understanding of the overall affordability of regulated services for consumers