Approaches to regulation in other UK sectors

February 2015

Quality Assessment Review

A paper to support the Quality Assessment Review

Introduction

1. This paper presents findings from a review of regulatory approaches in UK sectors other than higher education. Its aim is to stimulate thinking and debate about the potential future approaches to the assessment of quality and standards in the higher education sector. This paper is being published in support of the quality assessment review which the higher education funding bodies for England, Wales and Northern Ireland are undertaking[i].

2. Comparisons with four sectors were chosen due to their ability to meet this aim:
   a. **Financial services** – where recent rethinking and reshaping of regulatory approaches and practice has occurred following the financial crisis.
   b. **Accountancy and audit** – closely related to financial services, with a strong framework for standards and professional practice.
   c. **Qualifications** – where a range of different approaches are deployed across the UK nations.
   d. **Advertising** – where self- and co-regulation apply in a changing media environment.

3. The comparisons are not limited to 'quality assessment' in other sectors. To have only looked at 'quality assessment' in other sectors would have unnecessarily limited the range of approaches that could be relevant to quality assessment in higher education.

4. The paper does not provide an overview of all the regulatory arrangements operating in each of these sectors – it is not an exercise to map all the structures, relationships and approaches. Instead, it draws on aspects of these frameworks where comparisons and contrasts could be useful to prompt discussion in relation to quality assessment in higher education. A brief description of the roles of the organisations reviewed is at Annex A.

5. This paper aims to highlight a range of regulatory approaches, methods and structures, some of which are already used in their own forms within the current quality assurance system. Readers may wish to focus on a particular area of interest within the paper, or – as many areas are interrelated – readers can make links across different issues.

6. The four sectors covered in this paper are often found to be grappling with similar issues to those being considered in relation to quality assessment in higher education – such as how to approach issues raised by an increasingly internationalised sector and the need to encourage beneficial innovation. They all are concerned with how to 'do regulation well' – in a way that benefits organisations and users of products and services while also addressing any problems robustly.

Overview

7. The paper raises discussion points in the following areas.

Section 1: General approaches to regulation

8. This section examines some of the broad approaches used by other regulators. This includes risk-based regulation, and some of the refinements to a risk-based approach that have emerged in recent years. These include considering future as well as present risk, and the role of expert judgement in regulation. It also covers principles- and outcomes-based regulation, and current approaches aimed at fostering support for the spirit as well as the letter of the law – including through the support of beneficial cultures within organisations. The section closes with notes on how some regulators aim to look at opportunity as well as risk, and recent trends towards requiring regulators to consider the potential benefits of competition.

Section 2: Enabling innovation and responding to change

9. Here the paper considers how regulation can respond to change, and how it can support positive innovation. It looks at the risks of regulation itself stifling beneficial new activity, and examines potential regulatory approaches and responses to technological developments. The section closes by considering how comparability and consistency in approach and standards might be combined with a flexible and evolving regulatory framework.

Section 3: Beneficiaries and responsibilities

10. This section considers who are the beneficiaries of a regulatory system – the industry itself, the users in the system, and other stakeholders. It then goes on to look at the responsibilities of both the organisations in the system, and the users of the services that the system provides.

Section 4: Areas of regulatory focus

11. This section examines where regulatory focus might be targeted – at the level of the product or service; at the level of the organisation; and at the level of the system or market in question (or part of that system).

Section 5: Information

12. Here the paper explores how information might be collected and used by a regulator, including: to hold organisations to account; to inform choice; to stimulate improvements; to inform policy; and to develop regulatory approaches. The section closes with a look at the role of broader research in a regulatory system.

Section 6: Addressing problems

13. This section addresses the question of what might be done when things go wrong or where requirements are not met. Opening by considering general approaches to taking

action, it then looks at a range of sanctions deployed by other regulators, including those with statutory backing and those exercised through voluntary arrangements.

Section 7: International and cross-border issues

14. This section looks at how regulators have responded to internationalisation in their sectors. It includes an overview of how they seek to learn from international experience and activity, and to influence international debate. It considers the role of international standards in some industries, and how others deal with issues that affect organisations operating in a range of countries. It closes with a look at cross-border activity between the UK's devolved administrations, and working with regulators in other sectors.

Section 8: Regulatory approaches and structures

15. In this final section, the paper considers a range of factors and options for how regulation is structured. It considers the role of principles for how regulators conduct their work, and structures of co-regulation and self-regulation in other sectors. It also looks at how regulatory activity can be funded, and the additional support and services that some regulators offer. It briefly considers questions of redress where regulation is seen to have gone wrong, and the role of advisory functions in supporting regulators.

Terminology

16. In higher education, 'quality' has come to refer to 'how well the learning opportunities made available to students enable them to achieve their award'. 'Standards' are defined as 'the standards that individual degree-awarding bodies set and maintain for the award of their academic credit or qualifications'[ii]. However, 'quality' in general usage is often employed to incorporate a concept of standards. This review raises questions that are relevant to both quality and standards, and use of the word 'quality' should be taken to include standards where this is relevant.

17. The paper uses the term 'regulation' as a 'best fit' term for the approaches in different sectors. However, it should be interpreted broadly to cover a wide range of activity. The unifying thread of the use of 'regulation' in the paper is its reference to organisations with a degree of cross-sector activity which work to maintain certain standards and/or to stimulate improvements in practice.

Method

18. The information in this paper was gathered through desk-based research to review texts and documents relating to the four sectors in question.

Scope of information presented

19. The information in this paper is correct to the best of our knowledge. However, this paper does not provide a comprehensive view of arrangements in each sector, and is not a substitute for referring to the information published and provided by the

organisations named. The organisations are listed in Annex A, along with a link to their web-sites.

Scope of application of the paper

20. The current quality assurance arrangements in higher education incorporate different requirements and provisions for different organisations, depending on a range of factors. For example, different arrangements have applied depending on whether the higher education provider is publicly funded, or is an alternative provider offering courses which are eligible for student support. Different quality assurance arrangements are also in place in England and the devolved administrations.

21. However, given that this paper ranges across four other sectors and their regulation, many of the comparisons and contrasts could be brought to bear across higher education in general, regardless of the structures within which it is currently offered, or where it is offered. As such, it should be able to support wide reflection about quality and standards in higher education generally.

Section 1: General approaches to regulation

22. This section looks at some of the broad regulatory approaches being deployed to address some of the questions faced by regulatory policy-makers. The concepts and approaches described often overlap and are combined in various ways.

Risk-based regulation

23. A large number of other sectors take a risk-based approach to regulation. For example, the Prudential Regulation Authority focuses on the issues and firms that have the largest risk of affecting the stability of the UK financial system. This means that activities are tailored to a firm’s individual issues and circumstances, with the intensity of activity varying. The approach is highly targeted, with around one third of supervisory staff focused on the firms with the highest potential impact, at a ratio of around eight supervisors to one firm. For the least risky firms, this decreases to 0.1 supervisors per firm. In addition, the most senior and experienced supervisors are allocated to the highest-risk firms.

24. Accounting standards apply differently to different organisations, with the Financial Reporting Council publishing a Financial Reporting Standard for Smaller Entities. This recognises that ‘the balance between users’ needs in respect of stewardship and economic decision-making for smaller entities is different from that for other reporting entities’[iii]. Following recent changes at European Union level, the Financial Reporting Council has proposed a new accounting standard for micro-entities, with the smaller entities’ standard forming a new section in the main Financial Reporting Standard.

25. In accounting, it is recognised that there are also differences between companies and organisations in different specialised sectors. ‘Statements of Recommended Practice’ (SORPs) are therefore issued – sectorial recommendations on accounting practices and other legal and regulatory requirements. The Financial Reporting Council recognises SORP-making bodies, and Universities UK publishes the SORP for further and higher education[iv]. Similarly, the UK Stewardship Code, published by the Financial Reporting Council, recognises that some smaller signatories to the code may find some of its provisions disproportionate in their case. For this reason ‘Departures from the code should not be automatically treated as breaches’.[v]

26. The Office of Qualifications and Examinations Regulation (Ofqual) notes that being risk-based leads to differentiation in approach for different qualifications and different awarding organisations. However, Ofqual also includes a random element in its audit schedule to complement the risk-based targeting. Similarly, in its monitoring, the Financial Reporting Council proactively samples a set of company directors’ reports and financial statements each year for review as well as being able to receive and investigate complaints about non-compliance. The Financial Conduct Authority, while being risk-based, ensures that all regulated firms have some form of assessment at some point in a cycle. Firms are placed into four categories based on their size and significance. The largest firms with the most customers have continuous assessment over rolling two-year

periods. For those in the lowest category, there is some form of assessment every four years.

27. The Prudential Regulation Authority's judgement of risk includes an assessment of the ease with which it can form a view on the level of risk posed to and by the firm in question. Where risk is opaque or difficult to judge, the Prudential Regulation Authority will take account of this. Impacting on the assessment are issues such as the complexity of the firm and its business, and its capability to provide robust and adequate information and data.

Forward-looking approaches, and the role of judgement

28. A number of regulators are now not simply looking at risk in the present, but also considering the potential for future risk. This is to ensure a longer-term focus on sustainability within a regulated system, rather than just compliance with current rules. It also aims to pre-empt issues before they cause negative outcomes. The Prudential Regulation Authority recognises that this requires a level of judgement – while its work is based on evidence and analysis, in a forward-looking approach there will necessarily be a judgement about the levels of potential risk to which the evidence points. It is acknowledged that this requires a level of maturity in the system, to accept that sometimes supervisors will make forward looking-judgements that turn out in hindsight to be wrong. To minimise this, the Prudential Regulation Authority seeks to ensure it has very high-quality skills and experience and that its major judgements are supported by its most senior and experienced staff.

> '*Use of judgement is also necessary in the context of a complex financial system where compliance with detailed rules is, on its own, unlikely to secure acceptable outcomes.*'[vi]

29. The forward-looking approach takes account of the levels of mitigation pursued by the firm, and how effective these mitigations might be in both benign and adverse circumstances.

30. The Financial Reporting Council expects similar use of judgement in accounting and reporting, even in the presence of detailed standards:

> '*Whilst there has been a gradual shift over time to more detailed accounting standards, the preparation of financial statements cannot be reduced to a mechanistic following of the relevant accounting standards. Objective professional judgement must be applied to ensure that financial statements give a true and fair view.*
>
> *This professional judgement is all important […].*'[vii]

31. Nick Anstee, then Lord Mayor of the City of London, noted in his foreword to the Financial Reporting Council's 2010 'UK Approach to Corporate Governance' that regulation should be 'directed at the next crisis rather than the last'[viii]. Again, this captures

an ambition for regulation to be able to anticipate and address emerging and future issues.

32. Ofqual similarly takes a forward-looking approach in some of its work, shifting to asking questions about how awarding organisations are assuring the validity of qualifications throughout their qualifications' lifecycles, not just at a point of accreditation.

Culture and the spirit of the law

33. Rather than mere compliance with detailed rules, the Prudential Regulation Authority requires that firms establish and maintain a culture within their organisations that fosters compliance with both the spirit and the letter of the requirements. This attempts to move beyond 'box ticking' or 'creative compliance', where an organisation might technically meet the rules or requirements but nonetheless be acting counter to the intention of the regulation, law or overall principles.

34. To combat creative compliance, the Prudential Regulation Authority seeks to focus on whether a firm poses a risk, as a result of its culture and approach, to beneficial outcomes. It is explicit that it does not advocate a single 'correct' culture, taking into account, among other things:

a. Whether the firm allows established orthodoxies to be challenged.
b. Boards' and managements' understanding of the circumstances in which the firm would be at risk.
c. How responses to risk are made – in particular whether risk functions can offer real challenge to the firm rather than just perform a mechanical role to meet a reporting or compliance requirement.

35. A similar focus on culture is taken by the Financial Conduct Authority, which states that it aims to supervise the things that matter:

> '*We want to know how your business is really run, rather than just how you control your risks, to find where problems flow from and address them at the source […] Your culture underpins everything you do, setting the tone for the behaviours you promote and reward.*'[ix]

Linked to this is a goal of the Financial Conduct Authority (and the Prudential Regulation Authority) to look at the root causes of any issues, rather than simply problematic symptoms.

36. Explicit statements about meeting the spirit as well as the letter of the law are made across a number of other regulated sectors. For example, the Committees of Advertising Practice advocate central principles for all marketing communications to be legal, decent, honest and truthful. The Committees also require that all marketing should adhere to a sense of responsibility to consumers and society, and that they should 'reflect the spirit, not merely the letter, of the Code'[x]. This code is significantly influenced by the International Chamber of Commerce Code, which again advocates an interpretation to the spirit as well as to the letter.

A focus on outcomes

37. Coupled with this shift away from mere compliance with rules is a shift towards a focus on the potential impact of behaviours on desired outcomes. To do this, there needs to be some broad agreement on the outcomes which are sought.

38. The Prudential Regulation Authority acknowledges that sometimes individual firms may have incentives to operate in ways that are in their interests but not in the interests of wider stability in the financial system. However, alongside this it is noted that there are possibilities for fostering shared objectives – for example, it would generally be in most financial firms' interests that the UK has a strong and stable financial system.

> '*At an individual level, firms have no incentive to take into account such system-wide effects, but collectively they share an interest in a stable financial system.*'[xi]

39. The Prudential Regulation Authority states that it focuses on the outcomes it wishes to see when making interventions, and generally leaves it up to the firm to achieve these unless there is a good reason to be more directive.

40. In a slightly different approach, the Scottish Qualifications Authority places its work in the framework of broad outcomes for Scotland, including those set out by the Scottish Government. This includes focusing on qualifications which encourage economic growth within Scotland and are aimed at meeting existing and future skills needs and gaps. It also has an aim of contributing towards the Scottish Government's international policy, development and engagement.

Principles

41. Some of the approaches referred to above have been linked to a principles-based approach to regulation in the rules that apply to regulated organisations.

42. The Prudential Regulation Authority's focus is on the overriding principles of safety and soundness for firms and the financial system. It also publishes 'Fundamental Rules': high-level requirements that firms must follow, including such principles as 'A firm must conduct its business with integrity', and 'A firm must act in a prudent manner.'[xii] Principles-based approaches also allow for a sense of how a regulator would respond to unforeseen situations where established rules do not completely apply, or how they might address creative compliance.

43. However, despite shifts towards more principles-, outcomes- and judgement-based regulation, regulators still publish codes and detailed rules in order to implement their approach. For example, the Prudential Regulation Authority sets statutory Threshold Conditions – minimum requirements for firms that are carrying out regulated activity. This is not to say that the broader-based approaches have failed – the principles tend to form the basis of the more detailed rules, which provide guidance in specific areas.

44. Similarly, in accountancy regulation, the Financial Reporting Council sets UK standards for accounting (as well as for audit and actuarial) work. However, these detailed standards do not replace or override the legal principle that financial statements need to give a ‘true and fair’ view of the state of affairs in a business or organisation. While departures from accepted reporting standards should be rare, it is recognised that they may sometimes be needed for financial statements to give a true and fair view. Where this is required, the reasons and the effects on the accounts produced should be clearly stated. The Financial Reporting Council also expects preparers of accounts to provide additional disclosures – beyond the letter of the law – when compliance with the standards would be insufficient to provide a true and fair view.

Focusing activity on opportunity as well as risk

45. One aim for the establishment of Qualifications Wales (the proposed body to regulate qualifications in Wales) is to focus its activity not just on risks of failure but also on potential for benefit, prioritising the qualifications that will most affect the life chances of a wide range of learners. This raises a question around how to focus limited regulatory resources. Should the aim be to ensure a minimum level of quality for all, so that nothing falls below the threshold standards? Or should it be to prioritise the highest quality for the most learners? The two may be combined, but if a threshold standard for all is proposed this will necessarily be prior to activity by a regulator aiming for greatest benefit above the threshold.

46. The best means by which ‘greater benefit’ could be achieved can be a contested question, particularly in considering the extent to which regulatory or assessment activity in different guises would help or hinder its pursuit. The outline of the approach of Qualifications Wales acknowledges this issue – its aim is to focus on where evidence points to improvement being most needed, but also where any action or activity is likely to be most effective.

A note on competition

47. A number of other regulators have a duty to take into account the potential benefits of competition between organisations in their sector. For the Prudential Regulation Authority this requirement was strengthened into a secondary objective in the legislation – rather than an original requirement to ‘have regard’ to competition, the Prudential Regulation Authority is now to actively ‘promote effective competition.’ Nonetheless, this remains secondary to its main objective to promote the safety and soundness of the firms that it regulates. The Financial Conduct Authority has a primary objective to promote competition in the interests of consumers – competition is seen as able to help develop innovation, lower prices, lead to better design, lead to quality improvements, and offer wider choice. Both of these objectives are thus subordinate to a wider aim – competition is to be promoted as a means, not an end.

48. Ofqual distinguishes between areas where competition is beneficial and where it is not. For example, it states clearly that competition between awarding organisations based on offering lower qualification standards would not be acceptable. However, it

does see some benefits in allowing competition in areas such as products and services accompanying the qualifications.

Section 2: Enabling innovation and responding to change

49. A number of the regulators reviewed recognise a need for their approaches to be able to respond to changes in context and practices, and to avoid stifling beneficial innovation.

> '*Regulation has to strike the right balance between allowing the industry to thrive and ensuring it retains its integrity and delivers what consumers expect from it.*'[xiii]

The risks of a 'zero risk' approach

50. The Financial Policy Committee of the Bank of England recognises that total elimination of risk may be neither necessary nor desirable. It has the main objectives of identifying and taking action to remove or reduce systemic risks in the financial system, but recognises that this is not to be achieved at any cost. It is explicitly set out in legislation that the provisions 'do not require or authorise the Committee to exercise its functions in a way that would in its opinion be likely to have a significant adverse effect on the capacity of the financial sector to contribute to the growth of the UK economy in the medium or long term'[xiv]. This is the flipside of a risk-based approach – managing risk to a level that is too low could itself put a whole range of potential benefits at risk.

51. The Financial Reporting Council takes a similar view, noting that no regulatory system can reduce risk to zero, and that to do so would in any case stifle economic growth. However, this is not to say that failures are ignored – the Financial Reporting Council seeks within its powers to help put things right where things go wrong, and to learn from issues. It also seeks to address failures where there has been clear wrongdoing.

Innovation, including technological changes

52. Regulators also need to respond to changes in context, including technological developments, which render existing approaches inadequate. In February 2013, the Advertising Standards Authority began to regulate online behavioural advertising following the growth in the practice of collecting information from web browsers in order to tailor the advertisements presented on a particular web page. This role was developed by the advertising industry through the Committees of Advertising Practice.

53. Ofqual recognises that developments in technology present opportunities for qualifications awarding bodies and for students. In a statement in its corporate plan, Ofqual commits to a principle of regulating in a way that will not stifle the use of appropriate assessment technologies, but only where such use would lead to high-quality assessments. This is framed by a requirement in legislation relating to Ofqual that it must have regard to 'the desirability of facilitating innovation in connection with the provision of regulated qualifications'[xv]. Similarly, a Ministerial Statement on the establishment of Qualifications Wales proposes that the new organisation would use the evidence it gathers to stimulate innovative practice[xvi].

Effects of regulation

54. Regulators need to be aware of potential unintended consequences of their work, and to be able to adapt and deal with these as and when they emerge. The Qualifications and Credit Framework was introduced in 2008 – the result of work by the four UK government administrations and the UK Vocational Qualifications Reform Programme Board. A range of regulatory arrangements relating to the Framework were also introduced. Ofqual now recognises that while this was done with a positive intention of stimulating higher quality and supporting progression and mobility of learners, the rules that were established do not always ensure high quality and have in some cases constrained the development of potentially valid qualifications. Adapting to these findings, Ofqual intends to remove the Qualifications and Credit Framework rules 'because they impose a one-size-fits-all approach to the design of qualifications'[xvii]. Some transitional arrangements will be put in place.

Balancing comparability and standards with flexibility and evolution

55. There is a balance to be struck here, with some sectors also recognising a need for a level of harmonisation of approach. For example, the European Advertising Standards Alliance (EASA) publishes an 'Advertising Self-Regulation Charter', which notes that the rules applied are similar between different countries, largely because they are based on the International Chamber of Commerce's Code of Marketing and Advertising Practice[xviii]. Similarly, accounting standards worldwide have converged over the last decade, led by the International Accounting Standards Board. In accounting, in an increasingly internationalised environment, there are benefits in being able to compare sets of accounts for companies and organisations in different countries.

56. The UK Stewardship Code, the UK Corporate Governance Code, and other aspects of financial reporting and accounting standards operate on a 'comply or explain' basis. The expectation is that the code will be complied with unless there is good reason, in which case an explanation of divergence from the standard should be offered.

57. Nonetheless, even though it publishes international codes, the International Chamber of Commerce presents itself as a forum for businesses and other organisations to examine and understand the world economy – and particularly its shifts and changes. Although its origins go as far back as 1937, its marketing and advertising code has continued evolving, including recently to include digital interactive marketing and emerging issues with environmental claims. It also has an interpretation panel to consider the application of the code in certain situations. Similarly, the Financial Reporting Council recognises that accounting practice will evolve (and has evolved) as circumstances change. In discussing the concept of how accounts may provide a 'true and fair' view of a company or organisation, it recognises that even these concepts and their interpretation will evolve:

> '*The relative emphasis given to those characteristics that contribute to a true and fair view concept has, like the concept itself, evolved over time.*'[xix]

58. The UK Stewardship Code also notes that its contents are expected to change over time to take into account changes in good practice, the investment market, and broader regulatory changes. Here, to provide some stability coupled with an ability for it to evolve, the code indicates the earliest point at which it is likely to be updated.

Section 3: Beneficiaries and responsibilities

59. Who is quality assessment for? This section looks at the potential beneficiaries of a regulatory system, and examines some of the ways in which regulators view the responsibilities of the organisations and individuals engaging in a sector.

Beneficiaries

The industry

60. In a number of examples, regulation is undertaken for the benefit and integrity of the regulated industry itself. The advertising codes explicitly aim to enhance public confidence in the industry, to help safeguard the legitimate freedom of expression of those engaged in marketing communications, and to minimise the necessity for more heavy-handed state or international regulation. Similarly, the Prudential Regulation Authority notes that its approach has benefits for the industry as a whole in being seen as stable and effective. It recognises the potential negative impacts of reputational damage, noting that concerns about financial risks crystallising – even if unfounded – can cause problems for firm and system stability. The Financial Conduct Authority notes that regulation needs to balance allowing the industry to do well, ensuring it retains integrity, and ensuring that it delivers good outcomes for its users.

Users

61. All the regulators reviewed consider benefits for users or customers to at least some extent. The Prudential Regulation Authority, for example, while having an explicit systemic focus, still holds in view the need of consumers for a healthy banking system that inspires confidence. Ofqual takes into account the needs of learners, having a role in checking there is equal and appropriate access for all candidates and ensuring that reasonable needs are met. And the Financial Reporting Council aims to support the production of credible and comparable information for current and potential investors in businesses.

Other stakeholders

62. Ofqual notes the need to balance the legitimate interests of a range of other stakeholders with the needs of the qualifications providers and learners – it also has an explicit legal duty to have regard to the reasonable requirements of institutions within the higher education sector, industry, commerce, finance, and the professions and other employers. Similarly, the Scottish Qualifications Authority works with employers to develop qualifications.

Responsibilities

63. A range of regulators make explicit statements about where responsibilities should lie in the system, seeking to avoid a sense that the regulator should have overly wide-ranging expectations placed on it.

Expectations placed on organisations

64. The Prudential Regulation Authority sets out a range of expectations for firms, including a responsibility to consider the integrity of the financial system as a whole. For example, it expects higher levels of risk mitigation from firms posing greater systemic risks and for firms that are more interconnected or significant within the system. The Financial Conduct Authority states that 'Meeting fair and reasonable expectations […] should be at the centre of how firms operate – firms should see it as their responsibility in the first instance, not the responsibility of the regulator'[xx].

65. The Prudential Regulation Authority places emphasis on individual as well as collective responsibility within firms. For example, it considers the responsibility of board members to be individual as well as collective, and expects individual responsibility throughout an organisation. This is so that each person is encouraged to take responsibility for raising issues where they see there may be a problem.

66. The Financial Reporting Council also views the main responsibility for accurate reporting to lie with organisations and businesses themselves, and with their professional advisers. For this reason, it states that its 'approach is based as far as possible on facilitation rather than dictation and on principles rather than rules'[xxi]. Similarly, the Financial Reporting Council's 'UK Approach to Corporate Governance' notes that 'The key relationship is between the company and its shareholders, not between the companies and the securities regulator or stock exchange'[xxii]. This approach requires companies to report to shareholders rather than regulators, as these are the people in whose interest the board in question should act.

Expectations placed on users

67. The Financial Services Act 2012 explicitly notes the responsibilities of the users of financial services in 'the general principle that consumers should take responsibility for their decisions'[xxiii].

68. As indicated above, the Financial Reporting Council publishes a 'UK Stewardship Code', which sets out the principles of effective stewardship by investors. It aims to help institutional investors to better discharge their own responsibilities in overseeing investments.

Section 4: Areas of regulatory focus

69. Regulatory and assessment activity can be focused on a range of areas. There are examples of regulation being focused on products and services, on organisations and their processes, and on the whole system. A regulatory body with finite resources will need to decide how it balances activity across these, and potentially other, areas. A related question linked to the risk-based approaches explored above is how to define risk, and which risk to be most concerned about.

Service or product focus

70. Some regulation focuses on the service or product being offered. In higher education, this may be thought of as the course or qualification in question, and more broadly, the subject.

71. As well as offering their own qualifications, professional bodies in accountancy provide exemptions from some of their requirements for those who have undertaken other courses – for example, accountancy degrees at a university. This requires the professional body to assess whether the content and assessment arrangements in the degree, or aspects of it, meet their requirements closely enough. In some cases, students on programmes that have not been accredited can also be awarded exemption from certain parts of a qualification provided they completed their full programme of study.

72. While such accreditation provides a focus on standards within courses and qualifications, it is also possible for a professional body to look at quality of provision. For example, the Association of Chartered Certified Accountants (ACCA) runs an Approved Learning Partner Programme. This gives recognition for the quality of tuition and support provided at ‘Gold’ and ‘Platinum’ levels. Successful entry to the programme requires learning providers to meet performance targets in course management and delivery, and also in institutional management (thus also including an organisational focus.)

Organisational focus

73. An organisational focus for activity will tend to look at whether the organisation has good systems and expertise, and whether it can account adequately for what it does. For example, Ofqual has in place general conditions of recognition which all awarding organisations must follow. However, this is coupled with retaining the qualification accreditation requirement for high-profile qualifications such as GCSEs, AS-levels and A-levels. Equally, Ofqual states it may impose specific qualification accreditation requirements in a targeted way where there are specific concerns or where the organisation in question is recently recognised.

System focus

74. Regulators can also focus on the risks and issues in the system that might not be identified through a sole focus on organisations or products – sometimes termed systemic risk. This has been a focus in the financial services industry, where risk to the financial service market as a whole is now explicitly considered by the regulators. In

qualifications, Ofqual has a systemic role to ensure a range of qualification providers in England, and to ensure learners have reasonable choice of qualifications without being overloaded with too many similar qualifications.

Section 5: Information

Information to inform assessment

75. A wide range of regulators point to the benefits of having information collection and research functions to inform their assessments and action. Many have statutory powers to require that information be provided from regulated bodies.

76. The Prudential Regulation Authority uses both quantitative and qualitative data, information and analysis to inform its judgments. Initial numerical scoring based on information submitted by firms informs a suggested risk categorisation, which is reviewed alongside qualitative information and analysis. The assessment also includes comparisons with peers to identify where specific firms may be outliers in relation to other similar firms – this acts as a prompt to further investigation.

77. The Financial Conduct Authority aims to communicate openly with the industry and with firms, but does not confine its conversations to them. It also aims to communicate with consumers, to develop an understanding of issues from a range of perspectives. On rare occasions, it also uses a 'mystery shopping' approach to gathering information, where someone will visit a financial services provider as a presumed customer to see first-hand what is going on. This is never used as a primary means of information-gathering, but only when there is reasonable evidence that such an approach might yield useful findings.

Information to hold to account

78. Information gathered can be used to hold regulated organisations to account. The intention is for Qualifications Wales to hold awarding bodies to account based on the plans set out at the beginning of a qualification's lifecycle – for example, if the qualification fails to support progression for learners into a particular industry as was intended.

Information to inform choice

79. Information provision is used by some regulators to inform choice. Ofqual sees part of its role as being to provide information to help learners make choices, and signposting to other information where Ofqual does not hold the information sought. As noted in section 4, the Association of Chartered Certified Accountants (ACCA) runs an Approved Learning Partner Programme which gives recognition at 'Gold' and 'Platinum' levels for the quality of tuition and support provided to students.

Information to stimulate improvement

80. A number of regulators are focusing on using the information they gather to stimulate improvement, for example in sharing good practice for broader improvement across their sector. The European Advertising Standards Alliance undertakes activity in the areas of awareness-raising of standards, producing position papers, and providing best practice recommendations and annual awards.

Information to inform policy and regulation

81. Ofqual provides advice directly to Government based on its work and research. Similarly, the consultation on Qualifications Wales suggests it should be in a position to offer well-informed advice and evidence for policy development, and the Council for the Curriculum, Examinations and Assessment advises government in Northern Ireland on the curriculum. The Scottish Qualifications Authority also provides the Scottish Government with advice on learning, assessment and quality assurance.

82. Some regulators make periodic independent reports – for example, Ofqual publishes an annual qualifications market report. This is an assessment made independently of Government and provides an overview of current features and issues relating to qualifications.

83. Information can also be used to assess and report on the success or otherwise of regulatory activity. Plans are for Qualifications Wales to report to the National Assembly on how it has fulfilled and plans to fulfil its functions.

Broader research

84. The Committees of Advertising Practice conduct research across specific sectors and media, in particular to help address cross-cutting problems. Similarly, Ofqual conducts research to inform developments in a range of areas, including the comparability of different subjects and international comparisons. In relation to recent significant changes to GCSEs, AS-levels and A-levels, Ofqual aims to research the impacts of the reformed qualifications, including the areas of teaching, learning, and confidence in the qualifications. The research will look at whether the reforms have led to good outcomes for learners, and assess whether there have been unintended effects. It will use both qualitative and quantitative approaches. This wider research will be used alongside information from its regulatory audits. The plans for Qualifications Wales also set out a desire to have a strong research function, coupling this with quality assurance activity.

85. In financial standards, the IFRS Foundation (which oversees the International Accounting Standards Board) maintains a Research Centre to support evidence-based standards setting. It also publishes a list of research topics that it is likely to be interested in over the next few years, to indicate potential directions of travel and to help increase the amount of impactful research undertaken by independent researchers.

Section 6: Addressing problems

86. Having identified issues, regulators use a range of tools to address them. These can be based on statutory powers, but also include a range of actions that work to exert pressure on those regulated.

Approaches to action

87. In line with an idea of ‘forward-looking’ regulation mentioned earlier in this paper, Ofqual will take action to prevent something going wrong or to prevent an organisation breaching its conditions of recognition, in addition to addressing things that have already gone wrong. Similarly, the Prudential Regulation Authority states that its preference is to intervene at an early stage to address emerging risks.

88. The Financial Conduct Authority has a ‘three-pillar supervision model’, providing proactive supervision coupled with reactive supervision responding to events, and supervision relating to specific cross-cutting issues and products.

89. In deciding what to do, Ofqual takes into account all relevant factors, including: the previous behaviour of an organisation; whether the organisation identified the issue itself and whether it accepts responsibility; what the organisation has already done to address the issues; whether the organisation acted in good faith; and its co-operation with Ofqual.

90. In assessing organisations, both the Prudential Regulation Authority and the Financial Conduct Authority look to understand the root causes of issues rather than just their symptoms. And in looking to firms to respond to issues, the expectation of the Financial Conduct Authority is that the root causes will be addressed: ‘We will expect you as a group to fix the root causes of problems as well as the symptoms’[xxiv].

Conditions, requirements and directions

91. Where required, Ofqual can impose general and special conditions of recognition on awarding organisations, or on qualifications or components of qualifications. Special conditions may be imposed on an organisation to address particular issues with performance, behaviour or activities. For example, if there is a concern that the awarding organisation is not adequately checking schools with which it enters into arrangements, a condition might require the awarding organisation to demonstrate to Ofqual that checks have been carried out before any new arrangements are made.

92. Similarly, Ofqual can impose accreditation requirements for qualifications. These can apply to all qualifications of a particular type, or to specified qualifications. This might be imposed where there are risks relating to certain qualifications, perhaps because of their complex nature or the wider impact if the qualification if not well designed, delivered and assessed. Ofqual can also apply accreditation requirements to awarding organisations, whereby an organisation must allow it to review qualifications before they are offered to learners. This could be because of a lack of confidence in the awarding organisation.

93. Ofqual can give a direction to an awarding organisation to take, or not to take, specified actions, which is enforceable in the courts.

94. The Committees of Advertising Practice run a pre-vetting scheme, where bodies which have persistently or seriously breached the advertising codes are required to have material vetted before publication. This is enforced through members – for example, members in the poster industry can require pre-vetting.

Information as a sanction

95. Positive uses of information are explored above. Information can, however, also be used as a sanction. The Committees of Advertising Practice coordinate sanctions based on information provision, with the bad publicity of an adverse judgement being a major tool. They also take actions online – for example, through working with search engines the Committees can work to remove links to non-compliant adverts, or ensure that when someone searches for a company, the link to its site is featured next to Advertising Standards Authority notices about non-compliance. Similarly, in seeking to influence an awarding organisation, Ofqual may publicise concerns about its compliance with requirements.

96. Conversely, the Prudential Regulation Authority allows for itself not to publicise the imposition of requirements if it judges that this would be unfair to a person concerned or damaging to the safety and soundness of a firm. Similarly, the Financial Reporting Council states that it generally reports openly on its activities, and its reasons for doing them, unless doing so would be detrimental to the public interest.

Co-ordinated action

97. The Committees of Advertising Practice can coordinate action against those who breach the advertising code. They issue Ad Alerts to their members, including the media, advising them to withhold services from an organisation in breach. This may include access to advertising space, but also to other services.

Fines

98. A number of regulatory bodies have legal powers to fine – including the Financial Conduct Authority and Ofqual. Various safeguards can be put into place around this – for example, Ofqual cannot fine an organisation more than 10 per cent of its turnover in one instance, and fines are paid into the Government's Consolidated Fund so that there is no financial incentive on Ofqual to impose a fine. Both Ofqual and the Financial Conduct Authority publish information on fines, coupling a financial disincentive with the negative publicity of having been fined.

Withdrawal of recognition

99. The most significant action Ofqual (or another qualifications regulator) can take is to withdraw recognition from an awarding organisation. It can do this either in full, or for

specified qualifications. In doing this, Ofqual seeks to consider the impact that a withdrawal would have on learners, balancing this with the risks associated with the qualification continuing to be offered. Similarly, in other sectors, removal of a licence to practice (for example, for a financial services provider) is the most severe option as it aims at stopping an organisation's operations in that area entirely.

Section 7: International and cross-border issues

100. Regulators in all the sectors reviewed see a need to take account of international issues – recognising the international and internationalising dimensions of the sectors they regulate, and also the potential benefits of learning from approaches overseas.

Learning from international experience

101. The financial services industry has a number of international forums on banking issues. As an example, the Basel Committee of Banking Supervision provides a forum for regular co-operation on banking supervision, with representation from 26 countries, the European Union, and Hong Kong Special Administrative Region. Its secretariat is based at the Bank for International Settlements, which itself has 60 member central banks. Some of the activities of the Basel Committee are aimed at sharing information, intelligence and insight into banking at an international level. This includes:

a. Exchanging information on risk.
b. Establishing and promotion global standards, guidelines and good practices.
c. Identifying potential regulatory gaps.

102. There has been an increasing focus on international comparisons for qualifications – for example, GCSEs and A-levels. The mandate for Qualifications Wales proposes that it use evidence from best practice and innovation from around the world. However, it couples this with a desire to see qualifications developed with the needs of Wales in mind, in this way coupling the international perspective with more local requirements. This is similar to the approach proposed by the International Chambers of Commerce in its advertising code – while setting international standards it also recognises the need for these to be interpreted and applied within local cultures.

Dealing with cross-border challenges

103. The banking industry faces a particular issue of regulating large players which operate across country borders. For such situations, European Union law requires that colleges of supervisors be established. Some of the smaller colleges consist of two supervisory organisations, whereas larger ones can have involvement from over 20 authorities in different countries across the world.

104. In making its judgements on financial services providers with overseas operations, the Prudential Regulation Authority considers the oversight system in other jurisdictions, including where these might have standards that differ to those in the UK, or which might cause issues with the quality and flow of the information required for adequate judgements.

105. The advertising industry has also developed processes for cross-border issues. For example, holders of television broadcast licenses need to seek the Broadcast Committee of Advertising Practice's permission if they want any rules of the code disapplied because an advertisement will be aired solely outside the UK. Similarly, for complaints about advertisements that originated outside the UK, the Advertising

Standards Authority refers the complaint through the European Advertising Standards Alliance to the regulator in the country of origin. Some countries outside of Europe also have agreements with EASA. In other cases, the Advertising Standards Authority will attempt to act on complaints where an overseas advertisement is targeting UK consumers (for example, if it displays UK contact details). However, there is an acceptance that in some cases the international nature of advertising means that powers are limited.

Influencing international debate

106. The Financial Reporting Council engages internationally to contribute to debate and to influence decisions on international standards. It also seeks to build confidence in the UK frameworks for reporting to support investment into companies based on good and comparable information. It works closely with the European Financial Reporting Advisory Group, which advises the European Commission on international standards in Europe.

Setting internationally recognised standards

107. The International Federation of Accountants (IFAC) has over 175 members and associates in 130 countries and jurisdictions, representing around 2.5 million accountants. It is an example of an international organisation with a very significant reach. Among its activities, it maintains an International Accounting Education Standards Board, which focuses on the development of professional knowledge, skills, values, ethics and attitudes in the accountancy profession. As such, it requires its member bodies to meet certain requirements in their course provision, and to take part in a compliance programme. IFAC also provides a Global Knowledge Gateway, which brings together discussion, viewpoints, resources and news. In this way it supports learning, while imposing standards.

Cross-border and cross-sector work within the UK

108. Given that much education policy in the UK is devolved to Northern Ireland, Scotland and Wales, opportunities are presented for legitimate divergence in policy as well as for collaboration and sharing of practice and issues across the jurisdictions.

109. A concordat has been established between Ofqual and the Welsh Ministers to set out expectations and practice in qualifications regulation. For example, under current arrangements, where the same qualification is taken in England and Wales, there is agreement that both regulators will aim to ensure that it is delivered and assessed under similar conditions and that the same standards are applied. There is also provision that, where this cannot be assured to the satisfaction of both regulators, a qualification can be identified as two separate qualifications. The Council for the Curriculum, Examinations and Assessment in Northern Ireland also notes that arrangements will be put in place to ensure the UK qualifications regulators can share evidence in order to reduce burden on applicants.

110. The Welsh Government, in its plans for establishing Qualifications Wales, has begun to explore the potential for a system of peer review with its counterparts in Scotland, Northern Ireland and the Republic of Ireland to compare qualifications and share learning.

111. The Scottish Qualifications Authority also seeks to work with other regulators in Scotland, where relevant, to help minimise potential risks to critical sectors and qualifications.

Section 8: Regulatory approaches and structures

112. Regulators have mechanisms in place to provide limitations on their remit. They are expected to act reasonably and proportionately. Some regulators have explicit guarantees of independence. This section reviews a number of aspects of regulatory structures and practices.

Principles for regulators

113. A trend towards setting out high-level principles for regulation was discussed in Section 1. Such an approach can also be applied to how a regulator will undertake its functions. The Financial Conduct Authority publishes ten broad supervision principles, providing an overarching direction and approach to guide how it will act and respond to the circumstances and issues it encounters. For example, it includes guiding principles of being forward-looking and pre-emptive, focusing on the most significant issues (so being risk-based) and causes of problems, taking into account business models and culture, and being robust when there are issues to address. This provides a degree of predictability for regulated organisations, as even in unforeseen circumstances the direction proposed by the principles should be clear.

114. Such principles can include, but also go beyond, the better regulation principles established in 1997 by the Better Regulation Task Force. These principles are that regulators should act proportionately, be accountable, be consistent and transparent, and be targeted in their approach. To take an example, the Financial Services Act 2012 broadens out from the better regulation principles to include a focus on the desirability of sustainable growth in the UK and to recognise more explicitly differences in the nature and objectives of businesses. Similarly, the Government's Regulators' Code, which came into statutory effect in 2014, sets out the following six areas to which certain regulators are required to have regard:

a. 'Regulators should carry out their activities in a way that supports those they regulate to comply and grow.'
b. 'Regulators should provide simple and straightforward ways to engage with those they regulate and hear their views.'
c. 'Regulators should base their regulatory activities on risk.'
d. 'Regulators should share information about compliance and risk.'
e. 'Regulators should ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply.'
f. 'Regulators should ensure that their approach to their regulatory activities is transparent.'[xxv]

115. The Prudential Regulation Authority places importance on the fostering of trust between itself and the firms it regulates, asking firms to be open and straightforward in their approach, including raising any issues of concern at an early stage. Reciprocally, the Prudential Regulation Authority states it will respond proportionately.

Co-regulation and self-regulation

116. The regulation of advertising is based on a mix of self- and co-regulation in most European Union member states and many non-EU European countries. In the UK there is a self-regulated system for non-broadcast media, and a co-regulated system (with Ofcom) for broadcast media.

117. The Committee of Advertising Practice and the Broadcast Committee of Advertising Practice note that their codes reflect legal requirements, but also contain provisions that go beyond what the law requires. This includes areas where issues would be difficult to address through legal means – for example, standards of taste and decency, which are challenging to judge in law but have a significant effect on people's confidence in advertising. Through this approach, the advertising industry hopes to make further legislation unnecessary and to offer a demonstration of a proactive commitment to high standards.

118. The European Advertising Standards Alliance notes that it is widely accepted that self-regulation works best within a legislative framework. The law lays down broad principles and provides a backstop for the most serious issues. Within this, self-regulatory codes:

- address particular issues quickly and effectively without the complexities of judicial process
- have the flexibility to respond to new and emerging issues
- can also allow for interpretation to the spirit as well as to the letter of the code.

119. Across the range of its work, the Financial Reporting Council draws on a range of sources for its functions and powers. Some statutory functions are delegated to it by Government, and some organisations have legal obligations placed on them to meet Financial Reporting Council requirements or to participate in its arrangements. However, some of its activities have no legal backing, but draw on widespread support from, and voluntary arrangements put in place with, the Financial Reporting Council's stakeholders.

Oversight of bodies which, in turn, oversee other individuals and organisations

120. The Financial Reporting Council oversees and monitors arrangements for auditors by the recognised supervisory and qualifying bodies[xxvi] in the UK, which in turn, through their membership and qualification requirements, oversee people approved to undertake the statutory audit of certain companies and organisations. As such, it assesses the ability of independent bodies to maintain their own appropriate requirements, including in their qualifications. Its powers enable it to recognise and derecognise such bodies; to require information from them; to serve an enforcement order on them if needed; and to impose financial penalties.

121. Ofqual oversees awarding organisations that in turn must ensure appropriate arrangements are in place with the schools, colleges and other places that offer those qualifications.

Independence from Government

122. Even where some regulators are statutory, they are often explicitly set up to safeguard independence in assessment and decision-making. For example, Ofqual is a non-ministerial department that reports directly to Parliament. Similarly in Wales, the setting up of Qualifications Wales will move the regulation of qualifications away from Welsh Ministers. And the Prudential Regulation Authority is within the operationally independent Bank of England.

Funding of the system

123. The structures of advertising regulation ensure that the funding of the regulatory system is separate from the judgements that the system makes. The system is funded principally by a levy on spend on advertising and marketing, which is collected by the Advertising Standards Board of Finance (ASBOF) and the Broadcast Advertising Standards Board of Finance (BASBOF). These boards are operationally separate from the Advertising Standards Authority. This ensures that decision makers do not know which advertisers choose to contribute and which contribute the most, so that there is no favourable treatment for contributors in the judgements made. The chair of the Advertising Standards Authority is appointed by ASBOF, but is unconnected with the marketing industry, as is most of the governing council of the Advertising Standards Authority.

124. The Financial Reporting Council states that it is funded by voluntary levy. There is provision in law for Secretary of State to make regulations which would enable the Council to recover its costs through a statutory levy. However, due to the levies received voluntarily, the exercise of this power has not been required.

125. Other regulators, such as Ofqual, are funded by government grant.

Support and services

Support for compliance

126. A number of regulatory bodies aim to encourage compliance and improvement by offering advice and support on complying with their regulations. For example, the Committees of Advertising Practice offer a range of services, including: advice to industry on compliance; an online advice database; copy advice for specific marketing communications; website audits; and training. Support for compliance is a principle supported by the Government's Regulators' Code.

Additional services and activities

127. Some regulators go beyond advice and support to offer additional services. For example, the Advertising Standards Authority produces educational resources for secondary schools to support lessons in Citizenship, English, Media, and Personal, Social, Health and Economic (PSHE) Education.

128. The Scottish Qualifications Authority, in line with a Scottish government priority, aims to provide advice to international governments and agencies on learning, assessment and quality assurance based on its information and research. It also offers a wide range of other services, including accreditation services, international consultancy, a rating service to provide educational credit rates for qualifications, exam administration services, and endorsement services. It has a dedicated ‘New Ventures’ team to develop new partnerships and opportunities, including developing new income streams.

129. The Association of Chartered Certified Accountants (ACCA) is clear that its accreditation and quality marking of others’ programmes potentially has benefits for the learning provider. And recognition can also run both ways – ACCA looks to universities and others to recognise its qualifications among their entry requirements to their courses, and offers to promote any recognition information to ACCA members and students to alert them to further opportunities.

Review of process and judgements

130. The Advertising Standards Authority has an independent review process that allows advertisers and complainers to request a review of a judgement by an independent reviewer.

131. In its approach to taking regulatory action, Ofqual sets out the processes it will follow, including its approach to giving notice to awarding bodies, and how it will communicate with them. This includes processes, where relevant, for taking representations and for managing independent review and appeals. Ofqual, however, notes that sometime rapid response is required in relation to serious issues, which will affect notice periods given.

132. The Prudential Regulation Authority recognises that its judgement-based approach means that sometimes firms will disagree with its assessment. It states that in general it will discuss issues with firms and ensure in particular that it has all the relevant evidence. However, it maintains a clear line that it is the regulator, affirming that firms are not entitled to approach the relationship as a negotiation.

Advisory functions

133. A number of regulators reviewed have advisory structures to support their decision making and to ensure that a wide range of inputs and perspectives influence decision-making. For example, the A Level Content Advisory Board (ALCAB) was set up to advise Government and Ofqual on the content of A-levels in a number of subjects.

134. In accountancy and financial reporting, the IFRS Foundation is overseen by a board of trustees, which is in turn supported by an advisory council comprising individuals from a wide range of relevant backgrounds, including preparers of accounts, financial analysts, academics, auditors, regulators, professional accounting bodies, and investor groups. It also draws on advice from an Accounting Standards Advisory Forum of national standards-setters, and maintains an Interpretations Committee to deal with

differences in interpretations of standards. Additionally, there are advisory bodies on specific matters – such as an Emerging Economies Group, and an SME Implementation Group. The Broadcast Committee of Advertising Practice has also established the Advertising Advisory Committee – an independent consumer panel to provide advice and input.

Annex A: organisations

The organisations mentioned in this paper are listed below by sector.

Financial services

Bank of England (including the Prudential Regulation Authority)

www.bankofengland.co.uk

The Bank of England is the UK's central bank with responsibilities for monetary and financial stability. It incorporates the Prudential Regulation Authority (PRA), which undertakes the prudential regulation of banks, building societies, credit unions, insurers and major investment firms. This means that the PRA focuses primarily on potential risks of harm that firms could cause to the stability of the UK financial system.

Basel Committee on Banking Supervision

www.bis.org/bcbs

The Basel Committee on Banking Supervision provides a forum for international cooperation on banking supervision. It is the main international standard-setter for the prudential regulation of banks.

Financial Conduct Authority

www.fca.org.uk

The Financial Conduct Authority regulates the conduct of financial services providers in the UK, and undertakes the prudential regulation of firms not covered by the PRA.

Accountancy and audit

Association of Chartered Certified Accountants (ACCA)

www.accaglobal.com

ACCA is a professional body for accountants.

European Financial Reporting Advisory Group

www.efrag.org

EFRAG is a private sector body established by European organisations that play a major role in Europe's capital markets. It provides input into the development of international financial reporting standards, and technical advice to the European Commission on accounting issues.

Financial Reporting Council

www.frc.org.uk

The FRC is the independent regulator in the UK for financial reporting and corporate governance. As part of its work, it oversees regulatory activities of the professional accountancy bodies and the actuarial profession.

International Federation of Accountants www.ifac.org

The International Federation of Accountants is an international organisation for the accountancy profession, with a membership made up of professional accountancy organisations.

IFRS Foundation (including the International Accounting Standards Board) www.ifrs.org

The IFRS Foundation works to develop International Financial Reporting Standards (IFRS) through the International Accounting Standards Board. It is independent, overseen by a diverse body of trustees from different countries and relevant professions.

Advertising

Advertising Standards Authority www.asa.org.uk

The ASA is the UK's independent advertising regulator.

Advertising Standards Board of Finance www.asbof.co.uk

ASBOF raises the funds for the self-regulation of non-broadcast advertising through a levy system.

Broadcast Advertising Standards Board of Finance www.basbof.co.uk

BASBOF raises the funds for the self-regulation of broadcast advertising through a levy system.

Committees of Advertising Practice www.cap.org.uk

The Committees of Advertising Practice create and maintain the UK Advertising Codes, which are administered by the Advertising Standards Authority.

European Advertising Standards Alliance www.easa-alliance.org

EASA brings together national advertising self-regulatory organisations, and organisations representing the advertising industry. It has members in Europe and worldwide.

International Chamber of Commerce www.iccwbo.org

The ICC is an international forum for businesses and other organisations. It publishes the Consolidated ICC Code of Advertising and Marketing Communications Practice.

Ofcom www.ofcom.org.uk

Ofcom is the independent regulator and competition authority for the UK's communication industries. The Broadcast Committee of Advertising Practice (BCAP) operates under contract from Ofcom in a co-regulatory partnership.

Qualifications

A Level Content Advisory Board (ALCAB) http://alcab.org.uk

ALCAB advised Government and Ofqual on the content of A-levels in a range of subjects.

CCEA (Council for the Curriculum, Examinations and Assessment) www.ccea.org.uk

CCEA advises the Northern Ireland Department of Education on the school curriculum and on qualifications and assessment in Northern Ireland. It regulates GCSEs, AS-levels, A-levels, Other General Qualifications and Entry Level qualifications in the National Qualifications Framework (NQF) in Northern Ireland. It also offers its own qualifications.

Office of Qualifications and Examinations Regulation (Ofqual) www.gov.uk/government/organisations/ofqual

Ofqual regulates qualifications, examinations and assessments in England and vocational qualifications in Northern Ireland.

SQA (Scottish Qualifications Authority) www.sqa.org.uk

SQA awards and accredits qualifications in Scotland and worldwide.

Qualifications Wales www.qualificationswales.org

Qualifications Wales is the proposed body to regulate qualifications in Wales. It is also intended that in time, Qualifications Wales will award most GCSEs and A-levels in Wales, and the Welsh Baccalaureate.

Welsh Government www.wales.gov.uk

The Welsh Government currently regulates qualifications in Wales.

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[xxvi] As at January 2015, the Recognised Supervisory Bodies were:

- Association of Authorised Public Accountants (AAPA)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Accountants Ireland (CAI)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Institute of Chartered Accountants of Scotland (ICAS).

The Recognised Qualifying Bodies were:

- Association of Chartered Certified Accountants (ACCA)
- Association of International Accountants (AIA)
- Chartered Institute of Public Finance and Accountancy (CIPFA) (in abeyance)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Chartered Accountants Ireland (CAI)
- Institute of Chartered Accountants of Scotland (ICAS).