



# UNLOCKING BUSINESS: REFORM DRIVEN BY YOU

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ICAEW welcomes the opportunity to comment on Unlocking Business: Reform Driven by You published by Department for Business and Trade & HM Treasury on 21 October 2025, a copy of which is available from [link](#).

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## Section One: Identifying Regulatory Burdens to Business Growth and Innovation

We want to know which regulations make business life unnecessarily difficult when balanced against the benefits they bring – both for your daily operations and when you try to grow or innovate. We also want to understand how these rules affect different types of businesses. Your specific feedback will directly inform our regulatory reform agenda.

Be as specific if possible – name the exact regulations that cause problems. If you can't name them, just describe how they affect you, and we'll work across government to identify which ones need fixing. This isn't about eliminating all regulations – it's about making them more practical and efficient.

We are interested in radical solutions to remove or simplify regulations (including through AI and digital technology). We want to make regulatory compliance more efficient, and less costly and cumbersome for your business. Even if you cannot name specific regulations, describing their operational impact will help us work across government departments to prioritise reforms.

Subsequent sections will explore the direct and indirect costs of regulation on businesses, as well as quantify the opportunity costs imposed on innovation and growth. Your expertise is invaluable in creating a regulatory environment that protects necessary standards while enabling British businesses to thrive and compete globally.

### Question 1

**(a) Are regulations in your sector imposing unreasonable costs on your business's current activities?**

1. Yes

**(b) Are there regulations which are limiting your ability to grow your business further and/or innovate for the future?**

2. Yes

**(c) Do you think regulations in your sector are creating more unnecessary problems (costs or restrictions) for certain types of businesses or business activities than others? For example, do they affect small businesses differently from large ones, or impact certain business models more heavily than others?**

3. Yes

**(d) If you have answered "yes" to any of the above questions, please give specific examples with evidence below, if possible naming individual regulations, or regulatory activities.**

4. ICAEW members operate across a wide range of sectors and engage daily with multiple regulatory frameworks. This breadth of experience provides unique insight on how regulation impacts businesses of all sizes. Our response draws on issues

identified through member insights across sectors, while highlighting specific areas where regulatory burdens disproportionately affect chartered accountants.

5. The ICAEW Business Confidence Monitor (BCM) highlights the scale and urgency of the issue: regulatory concerns are at their highest level in years, with nearly 50% of businesses citing regulatory burdens as a key challenge in Q3 2025. This sustained pressure is undermining confidence to invest and scale up, with business confidence remaining in negative territory for five consecutive quarters, falling further to –7.3 in Q3 2025.
6. This is why we encourage a balance between robust oversight and reducing unnecessary complexity and cost for businesses and urge government to consider a regulatory landscape that is proportionate, transparent, and supports public trust while enabling economic growth.
7. On 22 September 2025, the ICAEW Financial Services Faculty hosted a Roundtable of its members, when asked whether the administrative costs of regulation are an undue burden for firms almost 75% felt that that regulatory compliance and administrative tasks are burdensome, albeit less than 10% thought that to be strongly so. Less than 5% thought the regulations did not impose a burden.
8. In our response we advocate for principles-based regulation rather than overly prescriptive rules, ensuring flexibility and innovation in the profession. We also emphasise strong governance, accountability, and alignment with international standards to maintain confidence in markets while taking advantage of the opportunity for digital solutions.
9. The current regulatory framework often creates unintended consequences that hinder business growth through excessive cost and complexity. These challenges undermine confidence, deter investment, and reduce the appetite to scale up or enter certain markets. In the accounting sector, a naturally highly regulated environment, we highlight some of these issues below:
  - **Duplication and Uncertainty from Regulatory Requirements:** Businesses face duplication and complexity from overlapping information requests and evolving standards. For example, firms often submit similar financial and governance data to multiple regulators (e.g., Companies House, HMRC, sector-specific bodies), while charities face overlapping disclosures to the Charity Commission and others, adding unnecessary administrative burden without clear benefit. Similarly, evolving requirements around EPC ratings, net-zero pathways, and reporting obligations mean businesses may undergo multiple assessments and certifications for the same property. This duplication increases compliance costs, creates uncertainty about future obligations, and deters investment, particularly for SMEs.
  - **Overlapping Regulatory Responsibilities:** Multiple regulators share responsibilities, creating a fragmented and confusing landscape. Insolvency practitioners, for example, require authorisation from a recognised professional body (such as ICAEW) and separate Financial Conduct Authority (FCA) authorisation to provide debt advice, even within their area of expertise. Similarly, pensions regulation involves the FCA, The Pensions Regulator, and the Department for Work and Pensions (DWP), leading to inefficiencies and duplication. A new firm seeking a banking licence must navigate separate authorisation processes with both the Prudential Regulation Authority (PRA) and FCA, which can

be complex and time-consuming. In addition, decisions by the Financial Ombudsman Service (FOS) often influence how firms interpret and apply FCA conduct rules, adding another layer of complexity to the regulatory environment.

- Inconsistent and Opaque Guidance:** Businesses often rely on extensive regulatory guidance to interpret complex rules, which require specialist interpretation. While guidance should clarify obligations, it is increasingly lengthy and fragmented, with firms being overwhelmed by thematic reviews and best practice notes, making compliance time-consuming and costly, particularly for SMEs. In addition, firms that seek clarification from regulators often adopt stricter interpretations, while others apply lighter approaches, creating inconsistency and competitive disadvantage. For example, the Financial Reporting Council (FRC) Ethical Standard is presented as clear, yet some positions have only been established through past discussions, with no consolidated public record. This leaves new entrants uncertain and increases the risk of over-compliance. Divergence between the FRC Ethical Standard and the International Ethics Standards Board for Accountants (IESBA) Code of Ethics adds further complexity for global firms, as they must navigate two sets of rules, for instance, IESBA prohibits certain services for listed entities and bans data hosting outright, whereas the FRC ES takes a different approach.
- Divergence with International Standards:** can make the regulatory regime more complex and burdensome, creating barriers for global business models or cross-border work, such as cross-border audits. For example, the Financial Reporting Council (FRC) Ethical Standard does not fully align with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics. IESBA prohibits certain services for listed entities that create a self-review threat and bans data hosting outright, whereas the FRC ES takes a different approach. This misalignment forces firms operating internationally to navigate two sets of rules, increasing compliance cost and risk without clear benefit.
- Principle-Based Regulation:** While principle-based regulation offers flexibility, in complex, highly regulated sectors such as financial services, it often relies on broad and sometimes vague principles that require significant time and effort to interpret. This lack of clarity creates uncertainty for firms and can lead to inconsistent application by regulators. A recent survey at our ICAEW Financial Services regulatory roundtable revealed that nearly 60% of attendees found it difficult to understand what regulators expect. As a result, firms are often unsure how rules apply in day-to-day situations. To mitigate this risk, many firms adopt a “gold-plated” approach to compliance, adding unnecessary complexity and driving up costs.
- Proportionality in regulatory requirements:** can make compliance unduly costly and complex where obligations are not calibrated to risk or to firms’ practical access to information. Independence rules require auditors to identify all entities treated as “affiliates of the audit client”, even where upstream ownership is not visible, creating uncertainty and encouraging over-compliance, particularly for SMEs. For example, in private equity structures with layered and fluid ownership across multiple funds, parallel vehicles, co-investors and shared SPVs, portfolio-level auditors often lack contractual rights to obtain upstream data, leading to repeated requests, manual mapping and delays, raising cost and risk without clear audit-quality benefit.

## Question 2

***How can we cut down on the paperwork and administrative burdens created by regulation and regulators, and with what positive effects? You should name specific regulations, regulators, and/or regulatory activities wherever possible.***

10. Reducing paperwork and administrative burdens requires full digitalisation of regulatory submissions and reporting, alongside smarter coordination between regulators. Members cite extensive reporting requirements for compliance in many areas including environmental, safety, and professional standards, many of which remain non-digital or fragmented across multiple portals. This duplication wastes time, increases costs, and reduces productivity.
11. We support the UK Government's longer-term ambition to enable businesses to "file once with government." This would allow companies to submit core data (such as financial statements and ownership details) a single time through a central digital platform, with regulators securely sharing that information rather than requiring duplicate filings. This approach would significantly reduce administrative burdens, improve data accuracy, and accelerate compliance processes across regulators such as Companies House, HMRC, and the Financial Conduct Authority.
12. Where regulatory processes remain paper-based or require manual data entry, expanding digital filing systems and automating routine compliance checks would free resources for businesses to invest in growth, while improving compliance speed and accuracy.
13. We encourage cloud-based and automated systems to replace paper-based processes for example, using integrated platforms and tools like Microsoft Power Automate to simplify reporting and reduce repetitive manual work.
14. Cutting paperwork through these measures would reduce costs, improve confidence, and enable businesses particularly SMEs to focus on growth while maintaining high standards of compliance.

## Section Two: Direct Costs of Regulation on Business

In this section we want to hear about the **direct** costs imposed on business by regulation. These are costs businesses must meet when laws require them to take specific actions, with little or no flexibility in how they comply. Indirect costs, i.e. those incurred because of how a regulator decides to fulfil its role through the processes it adopts etc, are examined in the next section.

This part of the business questionnaire focuses on four ways in which regulations and regulators may impose **direct** costs on a business:

- Information requirements
- Investigations, inspections and enforcement
- Further regulatory activities
- Regulatory structures and strategic prioritisation

Further information to help you answer the questions in this section is provided under each subheading below. Please be as specific as possible in your answers, providing clear examples to make your points and explaining how you think these issues can be addressed.

Your detailed examples will help us develop a comprehensive understanding of regulatory cost distribution across different business sizes and sectors, informing our efforts to create a more proportionate and efficient regulatory environment.

### (A) Information Requirements

Regulations often impose a range of information obligations on businesses, including to:

- *Provide information to government bodies and/or regulators.* This can include for registration or notifications in relation to particular activities; periodic reporting on regulatory compliance; and/or making applications for any sort of licence or authorisation in relation to a regulated activity, or for an exemption from those requirements.
- *Provide information to third parties.* This can include requirements to label products or installations with specified consumer information; or to make other information, e.g. a financial prospectus to accompany investment products, available in certain circumstances.
- *Keep and maintain specified documents and records.* This might include keeping copies of some records for minimum time periods or maintaining up to date manuals on issues such as emergency planning.

### Question 3

In relation to such rules:

- (a) What information or reporting does your business have to provide to regulators that creates unnecessary burdens? Please be as specific as possible.**

15. Our members face several reporting obligations that create unnecessary administrative and cost burdens without delivering proportional benefits. Examples include:

- Consumer protection rules and guidance from National Trading Standards require businesses to provide detailed material information at the marketing stage of property sales. Gathering and validating this data is difficult, especially when reliant on third parties, and unclear handovers between estate agents and conveyancers often lead to duplication and delays, adding cost without clear benefit.
- Audit firms working with regulated financial institutions must report to both the FCA and the PRA under FSMA 2000, alongside obligations under ISA (UK) 250 Section B. This layered reporting regime is complex and resource-intensive, creating duplication and inefficiency for firms.
- Audits in certain areas are particularly onerous and come with a whole host of additional reporting requirements, which often disincentivises firms from taking them on. For example, academy audits require compliance with both company law and education sector requirements. In addition to statutory accounts under the Companies Act, academies must submit detailed returns to the Education and Skills Funding Agency (ESFA), including Accounts Return and Budget Forecast Return, often using prescribed templates and meeting strict deadlines. These layered obligations add significant complexity and cost without delivering proportional benefits.

***(b) What changes would you make to reduce these burdens?***

16. We recommend that information and reporting requirements are streamlined and aligned with improved coordination to avoid duplicative reporting. Greater alignment between regulators and across sectors would help ensure that reporting delivers meaningful outcomes without imposing disproportionate burdens. Where possible, international consistency should also be pursued to support businesses operating globally.

17. We also acknowledge and support the objectives of the forthcoming Modernisation of Corporate Reporting programme, aiming to simplify and harmonise corporate reporting frameworks.

## **Investigations, Inspections and Enforcement**

Regulations often contain requirements that regulators conduct periodic inspections and investigations, or powers to enable them to do so where they consider it appropriate. Failure to comply can result in enforcement action including fines, requiring a business to do certain things, or even prosecution. Some of the need to co-operate with enforcement bodies is the inevitable consequence of an enforcement regime, but some requirements may feel disproportionately burdensome

### **Question 4**

***(a) What does your business have to do for regulators' investigations and inspections which you feel is unnecessarily burdensome? Please be as specific as possible.***

18. During investigations and inspections by regulators such as the FRC, FCA, and sector-specific bodies, firms often have to spend significant time and resources identifying and interpreting relevant regulations to avoid inadvertent breaches. This lack of clarity in regulatory design means firms over-engineer compliance processes and engage third-party advisors to ensure all requirements are met. These steps, while precautionary, add unnecessary complexity and cost and can deter firms from undertaking new business in fear of missing regulations and having enforcement action brought against them.

***(b) For any requirements identified in your answer to Question (a), how much money does your business spend and how many staff hours are devoted to meeting these requirements? Please provide specific cost and time estimates if possible (but exclude any penalties that might be levied through enforcement action).***

***(c) What changes would you make to reduce these burdens?***

19. To reduce these unnecessary burdens, we recommend several changes:

- Regulators should adopt a more proportionate and risk-based approach. Requirements should be tailored to the size and risk profile of each business rather than applied uniformly across all entities. This would prevent smaller organisations from being overwhelmed by initiatives designed for larger firms.
- Oversight bodies should also clarify the scope of their inquiries and avoid extending them into areas not directly connected to regulated activities. Establishing clear boundaries would help reduce unnecessary complexity and cost for businesses.
- Regulators should embed accountability and evidence-based decision-making into their processes. New requirements should be justified with clear evidence of benefit, and meaningful consultation should take place before imposing additional obligations. Independent review mechanisms could provide assurance that regulatory actions remain proportionate and transparent.

## **(B) Further regulatory activities**

The Government has already announced a range of measures to simplify this landscape, so that it is easier and less costly for business to navigate while continuing to act in consumers' and the wider public interest.

In this section, please provide evidence of any additional ways in which legal obligations imposed by a regulator have created unnecessary burdens or operational challenges for your business. This may include requirements stemming from a regulator's statutory duties or discretionary powers that compel businesses to take specific actions, even when those actions may not be proportionate or clearly aligned with business needs.

We also would like to understand whether and how you think regulators should be doing more to drive growth. Under the Deregulation Act 2015, certain regulatory bodies must have regard to the desirability of promoting economic growth under the "Growth Duty", alongside various other duties. The Government announced on 21 October that it intends to reform the Growth Duty so that the legal framework is clearer, more focused and elevated to ensure regulators must actively consider and promote growth.



## Question 5

**(a) In questions 3-4 above, we asked you about what you have to do to meet regulators' information and inspection / investigation / enforcement requirements. Do regulators make other demands of your business outside these categories which result in it facing unnecessary challenges?**

20. Yes

**(b) If you answered "yes" to question (a) above, what does your business have to do which you feel is unnecessarily burdensome?**

21. Beyond standard information and inspection requirements, some regulatory obligations create significant barriers to growth and participation in certain markets. For example, while most audits of SMEs are monitored by ICAEW and other Recognised Supervisory Bodies, audits of Public Interest Entities (PIEs) fall under direct Financial Reporting Council (FRC) oversight. These engagements attract additional complexity, scrutiny, and compliance requirements that many mid-tier firms consider disproportionate. As a result, some firms actively choose not to take on PIE audits because the regulatory burden, cost, and reputational risk are perceived as too high. This discourages firms from expanding into regulated audit markets and, in some cases, from growing at all, contrary to the Growth Duty objective.

22. A further example is the FRC's Ethical Standard, which imposes obligations that lack clarity and proportionality. SEP 2.4 extends independence requirements to network and non-network firms without clear guidance on what constitutes a compromise or how far these requirements extend. Similarly, the concept of an "objective, reasonable and informed third party" remains nebulous and inconsistently applied across firms, creating uncertainty and uneven compliance. These obligations require firms to take resource-intensive actions without delivering clear benefits to audit quality or the wider public interest.

**(c) How much money does your business spend and how many staff hours are devoted to meeting these requirements? Please provide specific cost and time estimates if possible.**

**(d) What changes would you make to reduce these burdens?**

23. To reduce these burdens, regulation should be made more proportionate, clearer, and easier to comply with. We recommend adopting scalable standards such as the ISA for Less Complex Entities to reduce unnecessary documentation for smaller audits without compromising quality.

24. We also propose that Ethical requirements should be simplified, with clearer guidance on areas such as SEP 2.4 and the "objective, reasonable and informed third party" test, which currently create uncertainty and disproportionate compliance costs.

25. Additionally, greater coordination between regulators would help eliminate duplication and overlapping reporting obligations, while full digitalisation of regulatory submissions

and reporting would replace paper-based processes and fragmented portals with integrated platforms and automation tools.

26. Finally, regulators should actively consider economic growth when designing rules, applying a risk-based approach that supports innovation and competition while maintaining public interest protections.
27. These changes would reduce costs, improve clarity, and enable businesses, particularly SMEs and mid-tier firms to focus on growth and innovation while maintaining high standards of compliance.

#### **Question 6:**

***(a) Do you believe the regulators you deal with adequately support economic growth in your sector?***

28. No

***(b) If not, please provide evidence of how this could be improved if they had a stronger legal duty to promote economic growth alongside their main objectives?***

29. At present, the duty is often treated as secondary to compliance and enforcement, limiting its impact. A legal duty would embed growth considerations explicitly and ensure they are applied consistently across all regulators.
30. Regulators should also be required to report publicly on how they balance growth with their statutory objectives, using clear metrics and evidence rather than assertions. Often, decisions are justified on what regulators “believe” or “consider” will improve outcomes, without robust evidence. Stronger accountability mechanisms, such as independent reviews or parliamentary oversight, would help ensure growth is genuinely factored into regulatory decisions.
31. Additionally, as inaccessible or overly complex regulation hinders growth; embedding the Growth Duty may incentivise regulators to simplify and clarify overly burdensome requirements.

#### **(C) Regulatory Structures and Strategic Prioritisation**

We would like you to identify regulators that perform with similar, overlapping, or potentially redundant functions and consider whether these could be consolidated or, where appropriate, abolished. Please highlight areas where regulatory oversight is fragmented by such instances. Multiple agencies are responsible for overseeing different aspects of the same business activity. We encourage you to suggest specific opportunities for streamlining these processes in ways that would reduce the compliance burden on businesses, while still maintaining the integrity and effectiveness of regulatory objectives.

Finally in this section, we want you to recommend areas where more binding government guidance to regulators about how to weigh up competing priorities (sometimes called “strategic steers”) would benefit business planning and operations. This might include where you think that regulatory priorities appear misaligned with market realities or

business needs. An example of a recent strategic steer is that issued to the [Competition and Markets Authority](#) in May 2025.<sup>1</sup>

## Question 7

- (a) Would combining or streamlining the number of regulators save your business money, including where you think they do similar or overlapping work?**

32. yes

- (b) If you answered “yes” to question (a), please provide further detail here making clear which regulators, and similarities or duplication, you are referring to.**

33. Combining or streamlining regulators could reduce duplication, lower compliance costs, and make rules clearer and more consistent, helping businesses focus on growth. The UK regulatory landscape is highly fragmented, with overlapping responsibilities creating unnecessary administrative burdens. For example, firms often face duplicative reporting and inspections from bodies such as the FCA, PRA, Companies House, and sector-specific regulators. Mapping regulatory perimeters to identify overlaps and consolidating functions where appropriate would reduce complexity, speed up approvals, and free resources for investment and innovation.
34. However, any streamlining must be carefully managed to avoid losing sector-specific expertise, incurring high transition costs, or reducing accountability. The aim should not simply be to reduce the number of regulators or the volume of regulation, but to improve the architecture of the regulatory regime so that it operates in a proportionate, coordinated, and effective manner. This approach would maintain essential protections while creating a more predictable and growth-friendly environment for businesses.
35. We also note that some regulations leverage other frameworks (e.g., the PRA relies on Companies Act audit requirements and FRC oversight). If these were removed, regulators might need to introduce alternative assurance measures, such as more skilled person reviews, which could increase costs rather than reduce them.

## Question 8

- (a) In which of the following areas do you think that regulators need clearer and stronger guidance from government to help them do their jobs better? To balance competing priorities / To manage risk / To support growth / To improve regulator accountability / To help regulators in another way / They do not need more guidance.**

- (b) Please provide further information about the regulators you are thinking about when answering this question, and any evidence for thinking such binding guidance is needed?**

36. Regulators play a critical role in maintaining trust and confidence in markets, but their effectiveness depends on clear, consistent, and proportionate guidance from government. Stronger direction would help regulators deliver better outcomes by clarifying priorities, managing risk, supporting growth, and improving accountability.

<sup>1</sup> DBT (2025), [Strategic steer to the Competition and Markets Authority](#) - GOV.UK

37. Regulators often face overlapping objectives such as consumer protection, market integrity, and innovation without clear prioritisation. Government should provide strategic clarity to avoid duplication and conflicting requirements, enabling regulators to focus on outcomes rather than process. Emerging risks, including cyber threats, AI-driven fraud, and geopolitical volatility, require coordinated responses. Clearer guidance on systemic risk management and governance expectations would help regulators align frameworks with practical risk mitigation measures.
38. As public trust depends on transparency and accountability. Government should set guidance to improve regulator accountability and set clearer frameworks for performance reporting and scrutiny.
39. Beyond these priorities, regulators need support to adopt digital-first approaches, improve coordination with government, and maintain stability in regulatory objectives beyond short-term political cycles. Clearer and more consistent direction from government is essential to ensure regulators can balance priorities effectively, manage risk, support growth, and maintain accountability. Clear and consistent guidance from government is essential for regulators to balance priorities, manage risk, support growth, and improve accountability. Stronger direction would help regulators deliver better outcomes by clarifying priorities and expectations.
40. Currently, regulators face overlapping objectives, such as consumer protection, market integrity, and innovation, without clear prioritisation. Government should provide strategic clarity to avoid duplication and conflicting requirements, enabling regulators to focus on outcomes rather than process. Emerging risks, including cyber threats, AI-driven fraud, and geopolitical volatility, require coordinated responses and clearer guidance on systemic risk management.
41. Government should also set frameworks for transparency and accountability, requiring regulators to report publicly on performance using clear metrics and evidence. Beyond these priorities, regulators need support to adopt digital-first approaches, improve coordination with government, and maintain stability in objectives beyond short-term political cycles.

## Section Three: Indirect Costs of Regulation on Business

In this section, we're seeking evidence on the **indirect costs** of regulation—those sometimes less visible but still significant burdens that arise from how regulators implement and enforce rules, and how businesses must adapt to regulatory procedures.

These costs may include:

- **Processes created by regulators** that go beyond legal requirements.
- **Delays** in decisions, approvals, or authorisations.
- **Time and resources** spent navigating complaints or challenging decisions.
- **Customer service and communication issues** that affect business efficiency.

We're particularly interested in **specific examples** that highlight how these issues impact your operations and bottom line, including which regulators are involved and what changes could help reduce these burdens.

This section focuses on three key areas:

- Regulator delays and timeliness
- Regulators' operational processes and behaviours
- Challenging regulators' decisions

Further guidance is provided under each subheading. Please be as specific as possible in your responses—your insights will help us identify practical ways to reduce unnecessary procedural costs and free up resources for growth and innovation.

### (A) Regulator Delays and Timeliness

When regulators aren't clear about their timeframes or fail to meet them, businesses face uncertainty and additional administrative burdens due to delayed decisions and follow-up requirements. The [Regulatory Action Plan](#)<sup>2</sup>, published in March 2025, introduced measures to hold regulators to account more effectively, to improve regulator accountability through performance transparency. Regulators have now published their Key Performance Indicators (KPIs) on dedicated webpages and are engaging with stakeholders to ensure these metrics genuinely reflect performance.

We aim to go further, so in this section we would like to hear sector-specific evidence about the timeliness of regulatory decisions, including the extent to which regulators are transparent about their own performance standards, how they meet them, the costs incurred by business, and changes in regulatory practice that could address issues identified.

### Question 9

***Do you think regulators are sufficiently transparent about their expected and actual delivery times, by:***

***(a) Having the right Key Performance Indicators (KPIs) to measure their performance?***

42.No

<sup>2</sup> DBT (2025), [New approach to ensure regulators and regulation support growth \(HTML\)](#) - GOV.UK

***(b) Providing updates on progress in reaching decisions?***

43. No

44. We note that across several regulatory processes, effectiveness and consistency are hard to measure, and when delays occur, firms receive little information about what is holding up progress.

**Question 10*****(a) Has your business experienced delays by regulators, such as a delayed approval / authorisation / licence?***

45. Yes

***(b) If yes, please specify the regulator and relevant process(s) where you can do so.***

46. We have observed significant delays in processes overseen by the PRA. For example, IRB model approval typically takes at least two years, with very little clarity on what drives delays, whether they stem from firm-specific issues or the PRA's internal priorities. This can severely disadvantage growing firms, as it restricts their ability to more efficiently manage and optimise capital or to provide products that attract high capital charges under the standardised approaches. Across a number of regulatory responsibilities, effectiveness and consistency are hard to measure, and when delays occur, firms receive minimal information about what is holding up progress. This lack of transparency creates planning challenges and forces firms to allocate additional resources to manage uncertainty.

**Question 12*****How do you think regulators could make decisions faster and reduce delays? Please suggest specific improvements that would help speed up regulatory processes.***

47. Regulators could make decisions faster and reduce delays by introducing transparent metrics and timelines for key processes, so firms know what to expect and can plan accordingly. A review of internal processes and resourcing models is needed in areas where delays are common to ensure capacity matches demand. In addition, fostering a culture shift toward service standards, treating regulated firms as important stakeholders would help improve response times and strengthen relationships. Adopting principles similar to customer service standards, such as timely communication and clear updates, could significantly enhance efficiency and predictability.

**(B) Regulators' Operational Processes and Behaviours**

The procedures that regulators develop to carry out their role can also add significantly to businesses' administrative costs. Sometimes regulations require regulators to act in particular ways (see section on direct costs) but they often have a considerable degree of discretion about how they perform their roles. In some instances, businesses also have to rely on third party service providers to support them in regulatory compliance.

Businesses will always necessarily have to absorb costs so regulators can protect consumers and the public, but these costs must be minimised wherever possible. Digitalisation and the efficient information sharing between regulators can, for example, reduce administrative burdens on business. In this section we ask for sector-specific evidence about issues including where and how the processes regulators impose unnecessary costs; regulators' transparency about the impacts of their actions; and procedural improvements that might be made to reduce administrative costs to business.

### **Question 13**

***(a) Can you provide examples of where regulators use outdated or unnecessarily complex processes (including where two regulators' processes may overlap)?***

48. Yes

***(b) If yes, please provide evidenced examples.***

49. Regulators often rely on outdated or unnecessarily complex processes that create delays and inefficiencies. A clear example is the planning system, which remains a substantial barrier to growth. Inconsistent processes across local authorities, slow decision-making, and variable interpretations of national guidance frequently delay development projects by months or even years. These delays increase construction costs, undermine project viability, and erode investor confidence. While we recognise that the government is actively working to reform planning through initiatives such as the Planning and Infrastructure Bill and updates to the National Planning Policy Framework, current processes remain fragmented and overly complex, limiting predictability for businesses.

50. Related is the administrative burden associated with regulatory monitoring. Members report extensive requirements for compliance with environmental, safety, and professional standards, many of which remain non-digital or fragmented across multiple portals. This forces firms to duplicate data entry and navigate multiple systems, often because of the overlapping responsibilities between regulators, as firms must submit similar information to different bodies without clear coordination. Modernising these processes through digital platforms and harmonised reporting would significantly reduce complexity and improve efficiency.

### **Question 14**

***(a) Do regulators provide sufficiently clear guidance about their requirements and processes when submitting an application (such as for a licence or permit) or other information?***

***(b) Do regulators clearly explain how their decisions, guidance and rules affect business and consumers?***

51. No

***(c) If not, please provide evidenced examples.***

52. No, regulators do not always clearly explain how their decisions, guidance and rules affect businesses and consumers.

53. While regulators publish standards and guidance, firms that seek clarification often receive stricter interpretations than those who do not. This creates an uneven playing field: some firms adopt a “gold-plated” approach based on regulator feedback, while others apply lighter interpretations. The result is inconsistency and uncertainty about what regulators expect, as well as competitive disadvantage for firms that invest more in compliance without clear benefit. For example, when considering the FRC, firms that request clarification frequently receive more restrictive interpretations, whereas others apply less stringent approaches. This lack of clarity means businesses cannot be confident they are applying rules as intended.
54. Furthermore, there is often opaque interpretation history. The FRC Ethical Standard is presented as clear and easy to understand, yet some positions have only been established through past discussions and are not consolidated in public guidance. New entrants have no way of knowing how these interpretations were reached, which increases the risk of over-compliance and inconsistent application across the market. This lack of transparency means businesses cannot easily understand the rationale behind requirements or how they should apply them in practice, adding cost and complexity without improving outcomes.



## Section Four: Opportunity Costs of Regulation

The first three sections of this business questionnaire ask for your views on how regulations affect your existing business operations. In this fourth set of questions, we focus on the impact of regulation on business' potential future activities. We want to hear how the UK's regulatory regime impacts on business decisions on the trialling and rolling out of new products and services, working practices, innovation, attracting investment, and international trade.

As in the previous sections of this business questionnaire, you should be as precise as possible in your answers, so we can identify exactly where within regulatory processes change would be most beneficial.

### Question 17

***(a) Have you decided not to bring a product or service to market because of regulatory issues, such as uncertainty, delays, costs or other impacts?***

55. Yes

***(b) If yes, please provide examples to explain why this is the case.***

56. Investment decisions in property and development have been delayed or abandoned due to regulatory uncertainty. For instance, unpredictability around long-term requirements for net-zero compliance, EPC rating thresholds, and retrofit obligations makes it difficult for developers and investors to model future costs and risks. Planning reforms add further uncertainty about timelines and obligations. Members report that, without clarity on what standards will apply in five to ten years, projects are postponed or shelved because capital cannot be committed with confidence. This uncertainty particularly affects large-scale commercial and residential developments, where compliance costs could be significant but are currently impossible to forecast accurately.

### Question 20

***Are there any areas where you would like to see the government test new approaches to regulation (i.e. adoption of 'fast-lanes' for approvals), disapply regulation to allow innovation in a controlled environment (i.e. a sandbox) or create dedicated services within government support businesses in their interactions with regulators they need to engage with? Please provide examples.***

57. Where possible, we support innovation-friendly regulatory approaches such as:

- Introducing fast-lane approvals for low-risk innovations: for regulators to adopt agile and proportionate approaches to authorisation, low-risk activities or technologies with clear public benefit, should have a fast-lane approval processes to reduce unnecessary delays and accelerate time-to-market. This approach is consistent with international best practice and supports productivity and competitiveness.
- Embed Growth Duty and pro-innovation behaviours across regulators: we urge regulators to actively consider economic growth and innovation when designing and applying rules. This includes streamlined compliance requirements, collaborative engagement with SMEs, and performance reporting against growth duty metrics. Embedding these behaviours would ensure regulation supports, rather than hinders, innovation.

**Question 21: Please provide details of any international best practices in your sector in other major economies that the UK should consider adopting to ensure our regulatory system supports innovation and growth?**

58. We continue to advocate for a proportionate, scalable, and growth-oriented regulatory framework, and there are several international best practices the UK should consider adopting to create an environment that supports innovation and growth while maintaining public confidence.
59. Internationally, the International Auditing and Assurance Standards Board (IAASB) is introducing the ISA for Less Complex Entities (ISA LCE) and applying CUSP principles Complexity, Understandability, Scalability, and Proportionality to make standards easier to apply for smaller audits. Adopting similar approaches in the UK would reduce unnecessary compliance costs for SMEs and mid-tier firms, enabling them to grow and innovate without compromising audit quality.
60. Other jurisdictions such as Singapore, the UAE, and the US have successfully implemented regulatory sandboxes that allow businesses to test new technologies and business models under controlled conditions. Expanding sandbox models beyond financial services to areas such as assurance technology and sustainability reporting would encourage experimentation and accelerate innovation while maintaining oversight.
61. International best practice increasingly focuses on smarter regulation principles, including reducing duplication, improving coordination between regulators, and embedding a growth duty into regulatory decision-making. For example, many jurisdictions are moving toward a “report once, use many” approach, where businesses submit core data through a single portal and regulators share that information securely. This aligns with the UK Government’s longer-term ambition to enable businesses to “file once with government,” which would significantly cut duplication and compliance costs while improving data quality and oversight. Accelerating this approach would bring the UK in line with leading economies that are prioritising digitalisation and interoperability in regulatory systems.
62. Finally, jurisdictions such as the UAE have attracted investment by creating clear, predictable, and innovation-friendly regulatory frameworks supported by digital infrastructure. The UK can learn from these models to ensure its regulatory system remains competitive and fosters growth.

## Section Five: Closing Questions about Respondents

**Question 22: *This business questionnaire is targeted primarily at businesses, however we appreciate that other stakeholders may also wish to respond. Therefore please select the most appropriate option that represents you, and respond according to your primary responsibilities.***

63. Other

64. ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of sustainable economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 172,000 chartered accountant members in over 150 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

65. ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities and are carried out by the Professional Standards Department (PSD) and overseen by the independent ICAEW Regulatory Board.

66. However, this response is being made by in our capacity as a representative body for our members, not in our regulatory capacity.

**Question 23: *If you are a business, which regulators do you engage with most frequently?***

67. ICAEW is regulated by four "oversight regulators" in relation to its regulatory activities arising as a professional body and we have frequent engagement with them in that capacity, namely:

- Financial Reporting Council (FRC)
- Office for Professional Body Anti-Money Laundering Supervision (OPBAS)
- Legal Services Board (LSB)
- Insolvency Service

68. We also engage frequently with regulators in our capacity as a professional membership body acting in the public interest:

- Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA)
- Fundraising Regulator
- HMRC (in its capacity as regulator, e.g. enforcing rules and providing guidance on rules)
- Information Commissioner's Office
- Home Office (in its regulatory capacity relating to the new prevention of fraud regulation)
- Pensions Regulator
- Regulator of Social Housing

69. Our members are in influential positions in a huge variety of businesses and act as advisors to hundreds of thousands of businesses and thus deal with most if not all UK regulators.

**Question 24: If you are a business, how many employees do you have?**

70. 500+ employees

**Question 25: If you are a business, please name the Sector(s) that you operate in using the UK [Standard Industrial Classifications](#) published by Companies House.<sup>3</sup>**

71. 94120 Activities of professional membership organisations

**Question 26: Please select where your headquarters are based using the categories under the [statistical regions](#) set out by the Office for National Statistics (ONS).<sup>4</sup>**

72. London

**Question 27:**

**a) What is your name, or the name of your organisation?**

73. The Institute of Chartered Accountants in England and Wales

**b) What is your e-mail address (optional response)?**

74. [Representations@icaew.com](mailto:Representations@icaew.com) quoting REP 98/25

**Question 28: We usually publish a summary of all responses, but sometimes we are asked to publish the individual responses too. Would you be happy for your response to be published in full?**

75. Yes

<sup>3</sup> Companies House, <https://resources.companieshouse.gov.uk/sic/>

<sup>4</sup> Office for National Statistics, [International geographies](#) - Office for National Statistics