

June 2024

Protecting All We Care About

The State of UK Regulatory Enforcement

by **Maia Kirby** and **Eleanor Godwin**

Foreword and Policy Recommendations by **Carum Basra**
with **Phoebe Clay, Philip Mattera, and Greg LeRoy**

Background paper for joint conference



Published by **Good Jobs First**
in collaboration with **Unchecked UK**

**GOOD
JOBS
FIRST**

 **unchecked.uk**
LET'S PROTECT WHAT MATTERS MOST

© Copyright 2024 by Good Jobs First. All Rights Reserved.

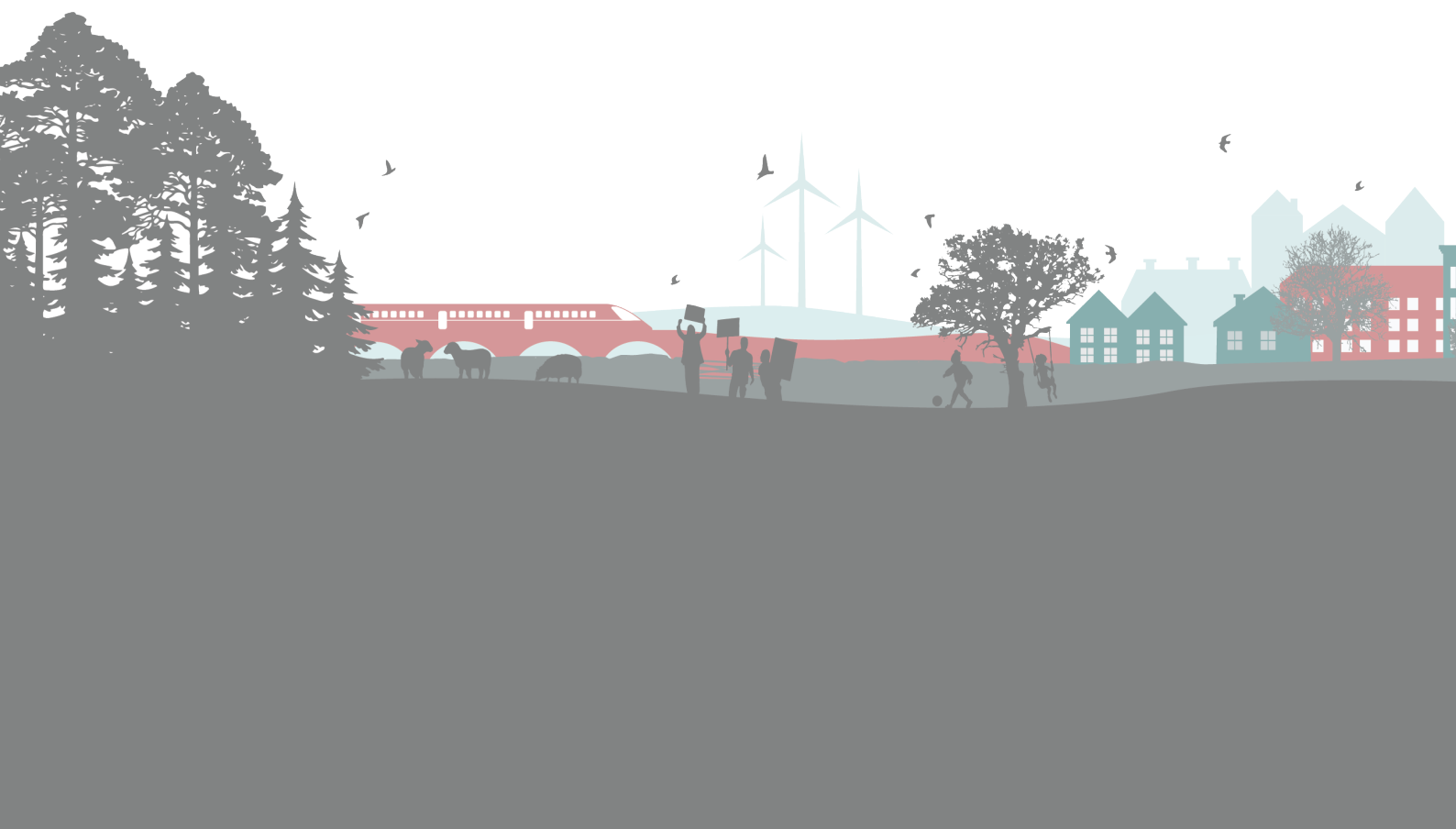


Acknowledgments

This report and the accompanying conference are made possible by support from the **Joseph Rowntree Charitable Trust**.

JRCT also supports **Good Jobs First** for its **Violation Tracker UK** project, as does the **Network for Social Change**.

Seed funding for Violation Tracker UK came from the Joffe Charitable Trust and the Reva & David Logan Foundation.



Contents

Executive Summary	4
Foreword from Unchecked UK	6
Introduction from Good Jobs First, Creators of Violation Tracker UK	8
The Labour Market	9
Minimum Wage	9
Employment Tribunals	10
Other Labour Market Enforcement Bodies	10
<i>View from the Trades Union Congress</i>	12
Consumer Protection	13
Housing	13
Mis-selling, Overcharging and Extractive Practices	14
Vulnerable Consumers	16
Food and Product Safety	16
The City	18
Banking Misconduct	18
Fraud	19
Tax Enforcement	20
<i>View from Transparency Task Force</i>	20
The Environment	21
The key environment agencies: Funding, inspections, and enforcement	21
Water pollution	22
Emissions and Energy	23
Nature and Habitats	24
<i>View from Professor David Whyte, Director at the Centre for Climate Crime and Climate Justice, Queen Mary University of London</i>	25
Conclusion	26
Policy Priorities	27
Close the enforcement gap by investing in regulators	27
Impose meaningful sanction on rule-breakers	27
Make public and environmental protection the prime purpose of regulation	28



Executive Summary

The UK's regulatory system is struggling. As a result, workers, consumers and local communities are being left to pick up the pieces when things go wrong.

Although the issues we face range across work, food, housing and the environment (see table), the causes follow a similar pattern:

- **Deep funding and staffing cuts to regulatory agencies** that create massive backlogs and effectively hobble their ability to maintain reasonable levels of vigilance;
 - Far too many **investigations resulting in only warnings rather than serious financial penalties** or loss of privileges such as public contracting rights, such that deterrence is too weak;
 - Contradictory missions, where **regulatory agencies are expected to be both a watchdog and a promoter of an industry**;
 - **Over-reliance on individual workers, consumers and citizens initiate complaints** – rather than regulators – to hold those who cause harm accountable;
 - Agency **fragmentation**, which creates enforcement gaps, undermines transparency, discourages public engagement, and allows recidivist companies to escape sanctions.
- All of these recurring, systemic problems can be solved. We recommend:
- **Close the enforcement gap by restoring regulatory budgets:** Between 2009-2019, key regulators suffered funding reductions of up to 72%. Only with reinvestment can regulators reverse the haemorrhaging of staff specialist skills and expertise;
 - **Impose meaningful sanctions on rule-breakers:** End weak and ineffective penalties that allow bad actors to treat sanctions for non-compliance as a cost of doing business. Fines for serious and repeat regulatory breaches need to be significantly increased. The worst offenders across all regulatory domains should be named and shamed;
 - **Make public and environmental protection the prime purpose of regulation:** Replace 'growth duty' missions with a statutory obligation to prioritise public and environmental protection. Beef up the public's power to take action when regulators fall short by giving the public and civil society a legal right to challenge regulatory inaction and enforce the rules themselves through collective lawsuits and 'citizen suits.'

The UK regulatory system is not delivering:

Labour market:

193 convictions and 349 licences revoked by the Gangmaster and Labour Abuse Authority, with a steep decline in revocations since 2021. (SOURCE: [GLAA](#)). The number of people trapped in slavery in the UK is estimated to be over 130,000. (SOURCE: [Anti-Slavery International](#))

120,000 cases of living wage underpayment benefited from HMRC investigations into non-compliant employers in 2021/2022 (out of up to 760,000 workers underpaid). (SOURCE: [Low Pay Commission](#))

Housing:

Half of local authorities in England and Wales didn't prosecute any private landlords or letting agents between 2019 and 2021 despite more than 314,000 complaints in that period. (SOURCE: [OpenDemocracy](#)). 250,000 landlords are renting out properties that do not meet the legal Minimum Energy Efficiency Standards. (SOURCE: [Generation Rent](#))

10 English landlords were barred from renting out property between 2016 and 2021. (SOURCE: [National Audit Office](#))

Consumer protections and food standards:

1.5 billion hours were spent by customers in 2021/2022 dealing with detriment arising from disputes with traders. (SOURCE: [Department for Business Energy & Industrial Strategy](#))

8 prosecutions of meat and dairy producers by the Food Standards Agency since 2021. (SOURCE: [Violation Tracker](#)). Hospital admissions for salmonella, e.coli and campylobacter infections have reached record levels. (SOURCE: [The Guardian](#))

£63,000 is the average fine for water safety compliance by the Drinking Water Inspectorate (DWI). Since 2010, the DWI has prosecuted 17 cases. (SOURCE: [Violation Tracker](#)). 26 confirmed cases of cryptosporidium in May 2024 due to faecal contamination of water in Brixham, Devon. (SOURCE: [BBC](#))

£165,000 total fines for aviation safety violations by airlines and £15,000 for one licensing violation since 2010 (SOURCE: [Violation Tracker](#)). Aviation is the sector with the highest incidence of consumer detriment. (SOURCE: [Department for Business Energy & Industrial Strategy](#))

£35,894 total penalties issued via the courts for 3 cases between 2018 and 2021 by the Office for Product Safety and Standards. (SOURCE: [Violation Tracker UK](#)). 63% of electrical products from online marketplaces "non-compliant" and nearly a quarter unsafe. (SOURCE: [Office for Product Safety and Standards](#))

The environment:

In 2023, enforcement action taken by the Environment Agency was at 12% the level it was in 2010. (SOURCE: [Violation Tracker UK](#))

The Environment Agency's overall enforcement actions plunged by 88% between 2010 and 2023. (SOURCE: [Violation Tracker UK](#))

0 warnings or penalties for water pollution by industrial farming were issued between 2018 (when the law was introduced) and 2021. (SOURCE: [The Guardian and Point Source](#))

22 published cases of climate violations under the Greenhouse Gas Trading Scheme Regulations since its introduction in 2012. (SOURCE: [Violation Tracker UK](#))

35 enforcement cases against oil and gas companies since 2010 resulting in £4.2 million in fines. (SOURCE: [Violation Tracker UK](#))

9 published enforcement cases of habitat violations since 2010 against companies, one by National Resource Wales and 8 by Natural England. Only one case has received a monetary fine (of £2,605). (SOURCE: [Violation Tracker UK](#))



Foreword

Unchecked UK

This report is an examination of the state of the UK's regulatory system. It sheds light on a growing crisis that threatens the very foundations of our society – the sensible, well-enforced rules that keep us safe, protect our environment, and allow businesses to thrive.

The UK has a proud history of using regulation to create the decent society we all want to live in. From tackling modern slavery to preventing sewage pollution, from ensuring the safety of the food we eat to holding landlords to account, these protections matter deeply to the British public.

However, the evidence presented in this report, drawn from a wide range of sources including the groundbreaking Violation Tracker UK database, paints a concerning picture. **Severe budget cuts, jurisdictional fragmentation, and a lack of coordination between agencies are allowing rogue companies to undermine the protections that matter to all of us.** Workers, consumers, and local communities are increasingly being left to pick up the pieces when things go wrong.

The findings from Violation Tracker UK, which documents over 100,000 cases of corporate wrongdoing since 2010, reveal the systemic nature of regulatory breaches across many sectors of the UK economy, from environmental violations by water companies to health and safety failures by major retailers. Importantly, the database puts the spotlight on the repeat offenders who break the rules with impunity –

suggesting that current enforcement measures are not providing a sufficient deterrent and are now effectively priced into their operations. This needs to change.

Unchecked UK's research has also highlighted the dangerous 'enforcement gap' that has emerged in the UK over the past decade. Between 2009 and 2019, the **budgets of major regulators fell by a staggering 41% on average, and staff numbers dropped by over a third.** The Violation Tracker findings suggest that this situation has only worsened as a consequence of the combined impacts of several factors: the backlogs created by the pandemic, Brexit (which has piled significant new responsibilities onto UK regulators), ongoing budget cuts, and the increasing complexity of the threats we face as a consequence of the rise of AI and other technologies.

As a result, regulatory agencies are understandably struggling to carry out even basic duties. **Water quality sampling has been cut by a third. Food inspectors are checking fewer sites each year. Fire safety audits have plummeted.**

What's more concerning is that the data suggests these are not isolated cases, but part of a wider pattern of declining standards and protections. We need to reverse this trend.

As this report makes clear, failing to invest in enforcement is a false economy. Whether it's tackling air pollution, clamping down on fly-

**While Unchecked UK has collaborated closely with Good Jobs First on this report and the accompanying conference, the report's primary author is Good Jobs First, drawing significantly on their Violation Tracker UK data. Unchecked UK has contributed to and endorsed the report's content, but is not the lead author.*

tipping or prosecuting minimum wage cheats, the benefits of holding offenders to account far outweigh the costs.

The British public understands this. **Poll after poll** shows they want to maintain and strengthen protections, not weaken them. They expect businesses to play fair and face consequences when they don't. This is not red tape – it's about creating a level playing field, defending our shared values, and ensuring no one is above the law.

As we look to the future, restoring the UK's regulatory system must be an urgent priority. We need properly resourced, accountable agencies that put public and environmental protection first. We need to give regulators the tools to clamp down on businesses that profit from harm. Relatively small investments into putting the regulatory system back on track would deliver a huge impact to our environment, our international competitiveness, our health, and our general peace of mind.

These concerns are too important to become stuck in an ideological tug-of-war, pulled between those who understand that regulation is essential to delivering the kind of economy that puts people and the environment at its heart, and those who claim that it is a deterrent to growth. **It's time to move past these outdated battles and build a new consensus. One that sees sensible, well-enforced protections as a foundation for a thriving, innovative economy and a good society - not a barrier to them.**

The evidence and recommendations set out here, supported by the insights from Violation Tracker UK, provide a powerful case for change. We urge public officials, businesses, and civil society to act on these findings – and protect all that we care about in our country.

**Carum Basra, Deputy Director of Engagement,
*Unchecked UK***



Introduction

Good Jobs First, Creators of Violation Tracker UK

Since we launched Violation Tracker UK in the Fall of 2021, we have been heartened by the database's ever-widening circle of users and applications. The June 2024 conference with which we are issuing this report will enable people from all the different issues areas we have engaged to meet and share experiences and solutions.

That is vital because it is clear there are far-flung systemic problems with the UK's regulatory regimen. Good work, safe food, and stable living standards are fundamental to a healthy society, and regulation is key to maintaining democratic oversight of them. However, without adequate enforcement, rules alone cannot ensure a good quality of life. From widespread non-payment of the minimum wage to water pollution to a sharp rise in fraud, the UK regulatory system is failing to protect the public.

Our research at Good Jobs First using Violation Tracker UK data finds consistently that **across offence types, sectors, and agencies, UK enforcement levels are low, with few prosecutions and small fines.**

Fragmentation in the regulatory system has led to enforcement gaps and overlaps, while more and more, sometimes contradictory, duties are given to existing agencies, causing heavy work loads.

Whilst workloads are increasing, funding is often not, with major cuts delivered after 2010 still harming oversight. This is particularly the case with local authorities where [spending power](#) is still 11% below 2009/2010 levels. When corporate misconduct is uncovered, it can be years until companies face the consequences. Victims are often left out of the picture as regulators and individuals navigate the court system.

We welcome feedback on this report and on Violation Tracker UK itself. It has already grown enormously in its span of coverage thanks in no small part to suggestions we have received from frontline activists. And we also welcome news of how you may have used the data in reports, testimony, academic research, journalism, or policymaking.



The Labour Market

In a context of increasing subcontracting, zero-hour contracts and use of self-employment status, labour market enforcement has become more complicated than ever before. Evidence shows that even for workers in stable employment, the current regulatory regime is not up to the task of upholding labour rights.

Substantial cuts to agency budgets since 2010 mean the UK **is trailing at** number 27 out of 33 comparable OECD countries for the number of labour market inspectors per 10,000 workers. Meanwhile, plans for a single enforcement body have been shelved, which could have helped resolve an otherwise **unusually fragmented system** of labour market enforcement.

Violation Tracker's recent report '**A Perilous Gap: Government Regulatory Enforcement in the United Kingdom versus the United States**' highlights the differences between the UK labour market enforcement system, which relies heavily on individual workers taking an employer to tribunal, and the US system, where a central enforcing body exists. With the onus on individual workers to make claims and patchy agency coverage, some employers who are regularly breaching employment law are apparently not facing regulatory action.

The system of labour market enforcement in the UK can be summarised as follows: a worker can take an employer to tribunal if they believe they have been unfairly dismissed, faced discrimination, or suffered a breach of contract or unlawful deductions from their wages. Alternatively, when a low-paid worker has not received minimum wage they can report their employer to His Majesty's Revenue & Customs (HMRC).

A very small number of discrimination cases, sometimes arising from employment tribunals, are taken up by the Equality and Human Rights Commission, and its equivalent in Northern Ireland. Agency workers whose pay has been withheld or who have faced unfair fees or a breach of safety standards can report to the Employment Agency Standards Inspectorate (EASI).

Those in industries at higher risk of exploitative practices, such as agriculture, can report breaches to the Gangmasters and Labour Abuse Authority (GLAA). Finally, if an employer has breached health and safety legislation in the workplace or required a worker to work longer than the permitted hours per week, they can be referred to the Health and Safety Executive which conducts inspections, issues improvement and prohibition notices, and prosecutes in the most egregious cases.

Minimum Wage

When it comes to the minimum wage, evidence of widespread non-compliance has been well documented. A recent **report** from the Resolution Foundation found that 32% of employees at the wage floor were underpaid. Since the introduction of the minimum wage 25 years ago, HMRC and its predecessor have recovered over £170 million in arrears for workers and issued £86 million in fines.

When compared with the government's own estimates of affected workers, however, it is clear that the majority of noncompliance goes undetected by the agency. With the government's **own estimated figures** of underpayment of minimum wage ranging from 334,000 workers

to 760,000 in 2022 (depending on whether employers or workers were surveyed), less than half of the lower estimate, 120,000, benefitted from HMRC investigations into non-compliant employers in 2021/2022. Targeted enforcement by the agency **accounted for** 69% of investigations and 81% of arrears in the same year, suggesting it is a relatively successful method of identifying non-compliant employers and would likely identify more workers and return further arrears if resources allocated to the regulator were increased.

Violation Tracker UK data **shows that** some highly profitable businesses such as Tesco, Sainsbury's, Mitchell and Butlers and Boparan Holdings have been "named and shamed" more than once for nonpayment of minimum wage, suggesting that the current naming and shaming regime is not acting as enough of a deterrent or incentive to improve corporate compliance.

Employment Tribunals

Taking an employer to tribunal is the most common legal avenue a worker will take to recover wages, or to contest alleged discrimination or unfair dismissal. The burden placed upon individual workers to take an employer to tribunal is considerable. First, they must engage in their employer's internal grievance process, then if not resolved, they must take their complaint to the Advisory, Conciliation and Arbitration Service (ACAS). If early reconciliation fails, they must prepare a case, gathering together relevant documents and other supporting evidence.

All this may be necessary simply to recover a week's unpaid wages. Significant backlogs mean workers **are waiting** almost a year for just a preliminary hearing, with HM Courts and Tribunal service **recording** an outstanding caseload of 431,000 in the latest published statistics. If a judge finds their case to be compelling, and the claimant measured and reasonable, they may then be awarded their unpaid wages or compensation in the case of unfair dismissal or discrimination.

This is no guarantee, however, that the respondent will actually pay up, and it falls to the claimant to take further action if that is the case. Eight percent of cases are "struck out" for technical reasons and the rules are strict. The government has recently indicated an intention to bring back employment tribunal fees, which would make the system even more difficult for workers to access.

If a worker takes their case to tribunal, they are not permitted to refer to HMRC as well, even if the issue extends to their co-workers.

Employment Tribunal data, when catalogued by company as it is at Violation Tracker UK, can often reveal systemic compliance issues. The top five parent companies for lost employment tribunals – Royal Mail, Tesco, BT, EG Group (Asda) and Mitie – have lost a combined total of more than 200 tribunals since 2017, with frequently recurring breaches such as unfair deductions from wages and discrimination.

Other Labour Market Enforcement Bodies

These recurring kinds of breaches revealed through Violation Tracker UK are examples of cases that should be picked up by existing agencies or a new single enforcement body. The Royal Mail and BT, for instance, have both lost multiple employment tribunals for discrimination in recent years but neither have faced investigation by the Equality and Human Rights Commission (EHRC).

When companies are investigated by the EHRC, the outcomes do not necessarily appear to result in better compliance. Go-Ahead was **investigated** by the agency in 2019, but despite the outcome being a legal agreement between the firm and the agency to improve its training and monitoring, it has continued to lose employment tribunal cases for discrimination.

One employment agency, whose company accounts **report** no assets and 0 employees, nonetheless lost three employment tribunals last year for **failing to pay** agency workers the full amount owed as well as holiday pay entitlements. This would be a case for the Employment Agency Standards Inspectorate (EASI) which could issue a warning letter, followed by labour market enforcement undertakings, and as a last resort prosecution or prohibition orders.

Between 2010 and 2023, however, EASI **have only prosecuted** 23 cases, and in all cases against individuals rather than companies. It has issued only 7 labour market enforcement undertakings, which on average lasted only 9 months. Only 5 of the 19 individuals subject to prohibition orders in this period remain prohibited from operating employment agencies, as the orders expire after two years.

EASI are able to prosecute companies rather than individuals, and the fact they do not merits consideration. It is likely that the majority of enforcement actions undertaken by the agency are directed towards very small companies. But many of the larger employment agencies appear to be operating on a very thin line between compliance and non-compliance.

For example: Violation Tracker UK data shows that Hays, a British multinational recruitment company, **has been named** for failure to pay minimum wage. Adecco, a Swiss recruitment giant, **was found to have made** late salary payments and underpaid holiday entitlement, causing a claimant on a salary of £11.76 p/h to incur a late rent payment fee and banking charges. Pertemps, the UK's largest recruitment agency, has **lost employment tribunals** for unlawful deductions from wages and failure to pay holiday entitlements. In one, **it was found to have** invented a day-long admin assignment

at its own offices to avoid paying a worker a minimum wage between assignments.

One could argue that these are inconsequential findings given the scale of their operations, but less leniency **is shown** by HMRC when an individual who earns below the required wage to pay income tax fails to file a return. When it comes to large, profitable companies, more resources could easily be mobilised to ensure employers obey the rules.

The Gangmaster and Labour Abuse Authority (GLAA) similarly prosecutes individuals. For limited companies, the agency has brought proceedings against the director or officers; with employment businesses this can include managers, sole traders, or partners. Since 2008, the regulator **has only brought** 193 convictions and **revoked** 349 licences, with a steep decline in these revocations since 2021.

These figures are particularly low when held against the number of calls made to the UK's Modern Slavery and Exploitation helpline: it **received** a record 11,700 calls in 2023 alone. Last year the agency **recovered** £165,000 for 4,598 workers, the vast majority in unpaid holiday pay, a mere £5,000 in unpaid wages.

GLAA's functioning is impeded by its relationship with immigration enforcement. Migrant workers are most at risk of exploitation, particularly those who arrived illegally or who are claiming asylum and are thus unable to work legally. However, last year the Illegal Immigration Act passed through parliament, meaning that anyone who arrived in the UK via irregular means is to be forcibly detained and removed, even if they are the victims of modern slavery or trafficking. This means that workers at the highest risks of exploitation face greater deterrence to seek help.

View from the Trades Union Congress:

“For many workers, basic employment rights are illusory.

They are simply not being enforced effectively.

The scale and nature of non-compliance with basic workplace rights is staggering.

Hundreds of thousands of workers are paid less than the minimum wage. Some 2 million do not receive the paid holiday to which they are entitled.

In sectors like construction bogus self-employment is rife. So many miss out on sick pay or paid time off.

Outsourcing, franchising, use of labour market intermediaries mean that many workers struggle to identify their employer to enforce their rights.

This is clearly bad for workers.

It is also bad for decent employers who risk being undercut by those who flout the law.

Extending collective bargaining would improve this. There is a strong correlation between collective bargaining and greater compliance with employment rights.

On top of this state enforcement bodies must be properly supported

The International Labour Organisation (ILO) benchmark for inspectors, which it recommends all countries meet, is one labour market inspector per 10,000 workers.

TUC analysis of labour market enforcement statistics shows that the UK would need an additional 1,797 labour market inspectors to meet this benchmark.

It’s not good enough to have formal employment rights if they aren’t being followed in the workplace.”



Consumer Protection

Amidst a cost-of-living crisis, with ever-more families being pushed into debt by hefty bills and increasing costs, regulation to protect consumers is more important than ever. A 2022 report from the Department of Business, Energy & Industrial Strategy **estimated** the total loss to consumers from disputes with traders as £54.2 billion between April 2021 and April 2022, with a staggering 1.5 billion hours spent by customers dealing with detriment.

£1.7 billion in penalties since 2010 have been recorded on Violation Tracker UK for 5,668 consumer protection offences. This is relatively low when compared with competition-related offences, of which there are 385 recorded with a total penalty count of £6.4 billion. Regulators are increasingly under fire for failures to protect consumers. Sometimes they have **contradictory roles**, being expected to protect consumers while also promoting economic growth. In other industries, the **fragmented nature of the UK regulatory system** leaves uncertainty over each agency's responsibility.

Housing

Huge gaps exist in the regulation of housing. Like labour law violations, it largely falls to the tenant or leaseholder to take a landlord to court for redress. However, certain regulatory powers are held by councils and other bodies that can go some way towards protecting renters and leaseholders from rogue letting agents, landlords, freeholders, and developers.

For buyers of new builds, the new homes ombudsman was set up in 2022 to resolve disputes occurring in the two years post-completion of a sale, although it is not mandatory

for a developer to be a member of the scheme. Issues with new builds may well become more common for both buyers and renters, with the current 'build to rent' boom and with it the **growth** of corporate landlords.

House buyers who purchase a leasehold property can find themselves at the mercy of freeholders. Some leaseholders have faced extraordinary price hikes in ground rent.

One individual **saw a** 9,000% increase this year in rent by the company that owns the land his house is built on, as no legislation exists to limit what can be charged. Property owners may also find they are paying extortionate service charges or facing huge bills for building improvements. According to The Property Institute, the trade body for residential managing agents, service charges **have risen by** 41% since 2019.

Consumers do have some access to redress when it comes to property agents, who are required to be part of either the Property Redress Scheme or registered with the Property Ombudsman to practice. Tenants can appeal to these bodies if a complaint on fees, delays or rudeness has not been resolved within 8 weeks. The redress scheme can order the estate agent to apologise or pay compensation. Schemes can expel agents who fail to comply. 556 estate agents **have been expelled** from these schemes since 2015-2016, according to expulsion lists published online, although many of these were later re-instated.

Social tenants have the Housing Ombudsman Service, which is a mandatory scheme for all social landlords. This service seeks to resolve resident complaints: if a housing association or council are found to have failed to provide a reasonable

service, whether it be resolving repair or damp issues or handling a complaint efficiently, they can be ordered to pay the resident compensation. Over 3,000 of these orders [are catalogued](#) on Violation Tracker UK, ample evidence of systemic failures by large housing associations.

The Housing Ombudsman itself [has also begun](#) to compile severe maladministration findings into reports on individual housing providers and has made clear its belief that landlords are most responsible for damp and mould problems. Despite this focus, [an analysis of our data](#) published in December 2023 showed the average compensation pay out to residents was only £445.

Private rental tenants are arguably the least protected from rogue landlords. Section 21 evictions, known as ‘no-fault’ evictions, mean that a tenant can be evicted without reason with only two months’ notice, legislation that housing charity Shelter describes as a [leading trigger](#) of homelessness. Private tenants are also subject to unregulated and discriminatory practices that often mean people in receipt of housing benefit and those with children [find it harder](#) to find homes to rent.

The Renters Reform Bill, which has [now passed](#) in Parliament, goes some way towards outlawing these practices, though prospective tenants will still be left vulnerable to other means of exclusion such as requirements to pay multiple months’ rent in advance or provide a high earning guarantor. Despite promises to abolish section 21 evictions, the new legislation stopped short of that. Some progress to better protect private renters remained in the bill, including the establishment of a new ombudsman and new powers for councils to uphold the Decent Homes Standard in the private rental sector.

But as in other areas, without adequate funding, council enforcement may well remain limited. The Greater London Authority’s rogue

landlord and agent checker, which makes available to the public information on council enforcement across London, contains only [116 fines](#) issued to agents and landlords for a limited number of housing offences.

Generation Rent [estimated](#) in 2022 that a quarter of a million landlords are renting out properties that do not meet the legal Minimum Energy Efficiency Standards (MEES), but councils are failing to enforce higher insulation and heating efficiency rules. A 2022 investigation by Open Democracy [found that](#) half of local authorities in England and Wales had failed to prosecute a single landlord in three years.

Mis-selling, Overcharging and Extractive Practices

Like in housing, customers who have been mis-sold products or overcharged for services are often left to take companies to court to resolve disputes, a time-consuming and lengthy process which mostly addresses individual complaints rather than systemic issues. Opt-out claims have only recently been made available for breaches of competition law, whilst breaches of consumer law cannot easily be pursued through collective redress. [Key sectors](#) lack an ombudsman, such as motoring and home improvements.

Many regulators also have to take cases to court, as they lack the powers to directly fine companies for transgressions of consumer law. The Civil Aviation Authority [has recently reiterated](#) calls for such powers, arguing that it has limited oversight over the scale of customer dissatisfaction and cannot issue fines when an airline has failed to respond to its interventions.

Since 2010, [published enforcement actions](#) show that the agency has fined airlines a total of only £165,000 for aviation safety violations and £15,000 for a single licensing violation. It also ordered Wizz Air to review customer claims for replacement flights, which resulted in additional

payments being awarded in 6,000 cases at a cost to the airline of £1.24m. In its 36 other published enforcement actions, the agency has relied on commitments from airlines that they will fairly reimburse customers and increase transparency in pricing. A 2022 report by the Department of Business, Energy & Industrial Strategy **found that** the airline sector had the highest incidence of consumer detriment.

The Competition and Markets Authority, however, is **expected to be given** powers to fine all UK companies for breaches of consumer law and to direct firms to pay compensation to customers this year, as the new Digital Markets, Competition and Consumers Bill is in its final stages. The CMA has published fines of £891 million, £246 million of this total for consumer-protection offences since it began operating in 2014.

Consumer groups have highlighted the dangers when regulators are slow to respond to new corporate misconduct. A **2021 report** by Citizens Advice found that Ofgem had failed to take meaningful action against unfit energy firms, leaving customers unprotected when these companies collapsed.

In addition to being slow to bring changes to ensure suppliers were financially sound, Citizens Advice also found that Ofgem had not been enforcing in key areas of consumer protection when rule-breaking had clearly been taking place including in billing, customer service, prepay and debt. Ofgem **have issued** £665.8 million in penalties and enforcement requiring customer redress payments since 2010 in 166 cases. £200.9 million of this **was for** consumer-protection offences – the vast majority constituting customer redress payments and only nominal fines.

Meanwhile customers are seeing unexpected mid-contract price rises in their phone bills, which Ofcom **has proposed** combating by establishing a rule that would mean phone and broadband companies must provide further information

on mid-contract price increases at the point of sale. However, the consultation for this proposal will not be concluded until after two more sets of price rises **that saw** customers pay out up to 17.3% percent more in April 2023 price rises, and 8.8% more this year.

Water bills **could be hiked up** by 70% in just five years after Ofwat was roundly criticised for keeping bills low for customers, at the expense of ensuring proper investment in the sewage system. But consumers and campaigners have asked why water companies have continued to pay high shareholder dividends whilst accruing large debts and committing regulatory breaches.

Ofwat has come under fire for being **'asleep at the wheel'** whilst companies like Thames Water teeter on the edge of bankruptcy and all major UK water companies exploit loopholes on sewage dumping to discharge record amounts of raw sewage into waterways. Since 2010 Ofwat **have issued** £443 million in total fines for just 7 cases. Twenty-three other enforcement actions issued by the body resulted in no monetary penalties.

Some regulators have made moves to protect customers from unfair pricing by what is known as the 'loyalty penalty,' where firms charge existing customers more than new customers for the same service. But evidence shows that these rules do not go far enough: In 2018, Citizens Advice made a super-complaint, which two years later **resulted in** a report by sector regulators finding that £3.4 billion was lost in combined loyalty penalties each year.

The Financial Conduct Authority brought in rules that banned this type of charge in car and home insurance in 2022, but despite the ban, and a large fine **on the cards** for Direct Line, half the respondents to a Which? Survey published in December 2023 who had checked prices from their insurer while posing as a new customer, **found they were** offered a cheaper deal. Other regulators such as Ofcom **have ruled out** taking similar action.

Accidental subscriptions are also on the rise, with Citizens Advice [estimating that](#) £688 million was spent on unused subscriptions last year, [double what was spent](#) in 2022, with consumers finding that they were not aware of these payments, or found that they could not easily cancel them. A 2023 Which? Survey on 'subscription traps' [found that](#) 1 in 10 adults had found unexpected payments on their accounts, with many scammed via charge to bill, where customers do not have to input card details but instead payments are taken via their mobile phone bill.

When insufficient risk assessments are made, or misleading information is given, companies could be investigated and fined by the Phone-paid Services Authority (PSA), a body funded by an industry levy. The PSA have published 257 enforcement actions since 2010, issuing total penalties of £37.7 million. This body is set to be closed down this year and incorporated instead into Ofcom, which intends to modify the 'code' that the PSA currently works under. This code, known as 'code 15', [emphasises](#) working with industry to reduce harms rather than focusing attention on 'resource intensive enforcement'. Ofcom modifications do not propose any substantial changes to this model.

Consumer groups are now taking companies to the Competition and Appeals Tribunal where regulators have failed to, or not had the power to, instruct companies to reimburse customers affected by breaches of competition law. The first case to reach trial involved 3.7 million BT customers, most of them elderly, who had been overcharged for landline-only services.

Vulnerable Consumers

Subscription traps and loyalty penalties can hit vulnerable consumers particularly hard. A report published in April this year by Fair by Design and the Fabian Society [found that](#) poorer households were paying £444 more per year for essential services. Higher costs for paying by month rather than annually, regulator-endorsed premiums for paying bills via direct debit, and lack of easy access to social tariffs are just some of the ways

that the current system forces those who have the least to pay the most.

Some regulators have increased their enforcement action to help vulnerable customers. The Gambling Commission [is issuing record fines](#) for social responsibility failings, where gambling firms are not fulfilling their obligations to protect against harm. But campaigners [calling for](#) gambling to be considered a public health issue [are still waiting on](#) reforms that would see further limits placed to protect those suffering from gambling addictions from an industry [where an alleged](#) 86% of profits come from 5% of customers.

Another body with an important role in protecting vulnerable consumers, the Office of Immigration Services, has very low enforcement figures. Despite media reports of prolific criminal '[advice sharks](#)', the OIS [initiated only](#) two prosecutions between 2021 and 2023 and 11 formal warnings. The body [has limited funding](#), and no statutory powers to force companies to repay money taken fraudulently from those seeking immigration advice.

Food and Product Safety

The safety of the products that we consume is also falling into enforcement gaps. The UK lacks a single enforcement body to enforce against product safety breaches. Instead, products either have their own agency or are picked up by local authority trading standards teams.

The Food Standards Agency (FSA) is responsible for food product recalls, although [it only prosecutes](#) meat-processing firms and slaughterhouses, and in [one case only](#) a milk-processing firm. Despite this, the agency [has an ever-increasing](#) work load whilst [having had its](#) funding cut by 51% between 2009 and 2019, with real-term funding [further reduced](#) in recent years. Prosecutions by the agency have been in decline since 2019, [with only eight](#) since 2021. Meanwhile hospital admissions for salmonella, e.coli and campylobacter infections [have reached](#) record levels.

Whilst the FSA enforces food safety in meat and dairy plants, most food-law enforcement is undertaken by local authorities, and their enforcement data is not readily available. Up until 2020, councils **submitted** their enforcement figures to the FSA under the Local Authority Enforcement Monitoring System (LAEMS), which has since been suspended. The latest figures from the LAEMS showed that in 2019/2020, only 231 establishments were prosecuted for food hygiene issues, and only 56 establishments for food standards (encompassing adulteration and labelling issues) by councils in England, Wales, and Northern Ireland. Despite this, The Annual Report on Local Authority Food Law Enforcement in 2019/2020 **reported** 70,771 consumer food safety complaints.

In **their joint 2022 report**, the FSA and Food Standards Scotland warned that there are 14% fewer local authority food safety posts compared to a decade ago whilst food standards officer posts fell by 45.1%. They also reported that 39,500 businesses had not received a food safety rating, though this figure was substantially reduced from a larger pandemic-related backlog. Local Authority sampling activity has decreased substantially; non-microbiological samples taken between 2016 and 2021 **dropped** by 79.1% in England, Wales and Northern Ireland and 70.9% in Scotland.

Poor food standards have captured the public's attention in recent years, in particular the quality of school meals. Despite frequent exposés of inadequate portion sizes and questionable quality, there remains an enforcement gap. The Department of Education issues guidance, but school catering contracts are the responsibility of schools.

A recent case highlights the problems with this approach: Chartwells, owned by British multinational catering company Compass, **was clearly serving up** unacceptably poor quality food to children at a school in Southampton.

The headteacher was unable to do anything other than publicise the issue as support services were tied into a private finance initiative contract with control over food and other activities determined by an external management company.

Meanwhile drinking water quality is also becoming a concern, with increasing non-compliance registered by the Drinking Water Inspectorate (DWI). At least 77 people **were infected** by parasite cryptosporidium in Devon in May. The body **has called for** new powers to fine companies directly for breaches to avoid the lengthy process of prosecuting through the courts. Since 2010, the DWI **has successfully prosecuted** 17 cases, including multiple cases against the same company. The average fine was only £63,000, a very small percentage of the profits made by these companies.

In recent years, the DWI budget **has increased**, but long-term underinvestment in infrastructure will likely lead to a greater increase in non-compliance in coming years. The DWI has found that despite not having statutory powers over private water supplies, **it is also called upon** to prompt local authorities to take action when there has been a lack of monitoring.

Local authority enforcement, as with food safety, has also declined in the case of trading standards. Trading standards posts **fell between** 30 and 50% between 2008/2009 and 2018/2019, with just over half of local authorities saying they felt they did not have the required expertise to cover all their legislated responsibilities. During this same period, funding **declined by** 60%.

For product safety cases that are 'national, novel or contentious in scope,' the Office for Product Safety and Standards is the enforcing authority. This body has a very low prosecution rate, with **total penalties issued** via the courts of only £35,894 for 3 cases between 2018 and 2021. The bulk of its enforcement action consists of issuing withdrawal and product recall notices.



The City

The consequences of financial misconduct can be far-reaching and devastating. The financial crisis of 2008 caused by subprime mortgage lending, and more broadly deregulation, caused a vast wave of foreclosures, unemployment and economic hardship for millions internationally. The fallout of this crash **has been linked** to 10,000 suicides. Despite this, the human costs of financial malfeasance **are often missing** from reporting on financial crime.

Banking Misconduct

The financial services industry **accounts for** the highest penalties of any industry in Violation Tracker UK, with combined fines of £5.86 billion since 2010. The Financial Conduct Authority (FCA) is the main regulator for misconduct in the sector, **issuing** £4.87 billion in fines since it replaced the Financial Services Authority (FSA) in 2013.

Enforcement by the body has been subject to widespread criticism. Victims of high-profile banking scandals are in some cases still fighting for justice from banks and the FCA itself.

For example, the mis-selling of interest rate hedging products (IRHPs) by banks to business customers began over two decades ago, but affected customers who were excluded from the original FSA scheme **are still caught up** in a legal battle with the FCA for fair compensation. Others, some victims of forged signatures on documents, have **never received redress** for their losses.

An independent report into the FCA's regulation of London Capital & Finance in 2020 by Dame Elizabeth Gloster **found that** the body had not acted on warnings that could have mitigated its collapse. A close look at infringements detailed on Violation Tracker UK shows evidence of recidivism, with some lenders committing repeating the same offence multiple times. This is leading observers **to question** whether the FCA's routine response to malpractice – fining shareholders rather than trying to change the behaviour of the individuals responsible for the harm – is a missed opportunity to drive organisational reform and cultural change.

The FCA is an independent non-governmental body, but not immune to ministerial interference in its operations. A recent proposal to publicly name firms currently under investigation **sparked** a fierce backlash from the financial sector and an intervention from the Chancellor of the Exchequer, with warnings that disclosure would harm economic growth, despite established precedents by other regulators like the CMA. The proposal is still out for consultation, with the FCA **arguing that** as cases take an average of 40 months to conclude, delaying the publication of details of investigations limited the usefulness of enforcement as a tool of regulation.

The FCA has also come under fire for **conflicts of interest** arising from its wide remit. Last year, via the Financial Services and Markets Bill, ministers gave the FCA a new 'growth duty' – a focus on building growth and competitiveness

internationally alongside their statutory duties to protect consumers and ensure the market is operating competitively. Concerns have been raised that this new obligation to promote market interests **presents** a conflict with FCA's mission to ensure financial stability and protect consumers.

This extra duty could not have helped the FCA's **expanding workload**. As of 1 April 2023, the FCA **had** 591 open enforcement cases. To cope with the backlog, **it has declared** an intention to narrow the cases it takes on in line with its strategic priorities. But this may well lead to serious instances of financial misconduct not being pursued **as in the case** of the Lloyds HBOS fraud, where hundreds of small business customers were financially ruined. In this case, Thames Valley Police stepped in to investigate and prosecute, although they never recovered **£7 million in costs**. After the trial, the FCA **fined** Lloyds £45 million.

Fraud

Fraud across the private and public sectors and against individuals **costs the UK** approximately £219 billion a year. But corporate fraud is often overlooked in favour of a narrative that considers fraud the practice of criminal gangs rather than institutions.

When it comes to procurement fraud, our report comparing enforcement action in the UK and US **found that** the UK was missing out on a potential £9.8 billion, the equivalent recovered by US agencies for government contracting offences when adjusted for population size. The Serious Fraud Office (SFO) is the main agency looking at large fraud cases, bribery, and corruption. Since 2010, **it has published** 25 enforcement cases against corporate bodies with total penalties

issued of £2.39 billion. The vast majority of these are international bribery cases, with only two cases of UK-based fraud.

A new 'failure to prevent fraud' offence may go some way towards addressing this evident enforcement gap. This new offence, which formed part of the Economic Crime and Corporate Transparency Act, will further hold organisations accountable when they have profited from fraud committed by employees. However it will **only apply** to large organisations with turnovers of more than £36 million. Meanwhile, reform advocates **argue that** senior executives are continuing to get away with their role in economic crime.

The role of accounting firms in covering up financial crime is also a cause for concern. In the UK, almost all the largest companies are audited by one of the 'big four,' whose major income comes from their consultancy work rather than their accounting. This dual role poses significant questions of conflict of interest when auditing, and the big four are no strangers to fines for accounting failures.

Some of these failures have seen huge losses for government and serious consequences for the general public, such as the collapse of construction and facilities management giant Carillion and more recently London Capital and Finance, for which PricewaterhouseCoopers and Ernst and Young **were fined** a combined total of £9.3 million by the Financial Reporting Council (FRC).

Since 2011, the FRC **have published** £200 million in fines to firms for 65 cases of accounting fraud or deficiencies, while the Institute of Chartered Accountants of England and Wales **have listed** fines of £9.5 million in 513 cases.

Tax Enforcement

The UK tax gap, that is the money owed to the government in unpaid tax, **is estimated by** HMRC to be £38.5 billion annually. This figure is only part of the picture, with legal loopholes such as shifting profits offshore accounting for a substantially higher sum in lost taxes. Corporate tax evasion reduces what is available to fund vital public services to the detriment of all UK citizens and compliant organisations. In the last ten years, HMRC have **published fines** of £387 million for corporate tax violations.

According to HMRC, for each £1 spent on compliance enforcement, £18 **is returned** and yet HMRC **reduced** the number of staff working in compliance by around a quarter between 2015 and 2020. Since then, the body has attempted to

safeguard compliance funding by taking the cuts demanded in the 2022 Autumn statement out of its customer service budget.

The cuts caused call waiting times to soar from an average of 5 minutes in 2019 to 22 minutes in 2024. They were used to give an uplift **to a third** of all HMRC staff to ensure that they are paid a legal wage. Last year, 400 HMRC workers **went on strike**, with further balloting currently being undertaken by the Public and Commercial Services Union.

Whilst HMRC **saw an increase** of £3.2 billion in compliance yield between 2021/2022 and 2022/2023, earlier this year it was reported that they **had not charged** a single company under new powers given to tackle tax evasion under the Criminal Finances Act 2017.

View from Transparency Task Force:

“The Financial Sector is profoundly important to the wellbeing of the economy, to economic stability and to political stability too. But it must be trustworthy to function successfully. The infringements data in Violation Tracker UK shows the sector is not yet worthy of our trust; and even the most casual analysis of the violations shows strong signs of recidivism, suggesting that regulators are failing to drive the reforms that are needed.”

Whatever the outcome of the General Election, the incoming Government must get a grip of these regulatory shortcomings; only when the regulators are fit for purpose will we have the sector behaving as it should – serving society.”



The Environment

Environmental regulation and protection in the UK is managed by a variety of agencies, each with its own focus and responsibilities. The Environment Agency (EA) is primarily responsible for environmental regulation in England, focusing on issues such as pollution control, waste management, and conservation. Natural Resources Wales (NRW) serves a similar role in Wales, overseeing environmental matters ranging from water quality to forestry. In Scotland, the Scottish Environment Protection Agency (SEPA) takes the lead in environmental protection, regulating activities that impact the environment, such as pollution and waste management. The Northern Ireland Environment Agency (NIEA) carries out similar functions there.

Beyond these primary agencies, there are others with specific, albeit smaller, environmental regulatory roles. The North Sea Transition Authority (NSTA), for instance, seeks to manage the transition to more sustainable practices in oil and gas industries operating in the North Sea. Additionally, the Marine Management Organisation (MMO) regulates marine activities in English waters, including fishing and marine construction, while the Drinking Water Inspectorate (DWI) ensures the safety and quality of drinking water supplies across the UK. Natural England (NE) focuses on conserving and enhancing the natural environment, including biodiversity. However, local councils also have a hand in environmental regulation, handling issues like fly-tipping, leading to further fragmentation of environmental regulation in the UK.

While these agencies collectively work toward environmental protection and regulation, their fragmentation can create challenges, particularly when a case spans multiple jurisdictions or requires cooperation between multiple authorities. Additionally, differences in resources and priorities among the agencies result in variations in enforcement levels against corporations, highlighting the need for ongoing collaboration and alignment of efforts to ensure effective environmental management across the UK.

The key environment agencies: Funding, inspections, and enforcement

Since 2010, these agencies have collectively **issued** £365 million in fines over almost 8,000 cases. The EA **dominates**, with £353 million in fines over almost 8,000 cases, constituting 96% of environmental fines. Meanwhile, other regulators such as the NRW and NIEA have issued far fewer fines, reflecting a trend in environmental regulation. The NIEA for instance have only **given out** £627,800 in fines since 2010.

There is, however, a prevailing trend among all environmental agencies toward issuing warnings and cautions rather than imposing monetary penalties. While the EA **has issued** far more fines than its regional counterparts, it has experienced a significant and continuous decline in enforcement actions since 2010, with an 80% decrease in overall enforcement actions.

Similarly, SEPA has seen a nearly one-third reduction in enforcement actions, including a **70% decline** in warning and enforcement notices from 177 in 2010 to 47 in 2022. This trend is also evident in cases referred to the Procurator Fiscal, the body in Scotland to which SEPA refers cases for prosecution. Those referrals have plummeted from 37 cases in 2010 to just one case in 2022. However, while enforcement actions have been on the decline, average monetary penalties by the EA have risen from an average of £12,645 in 2010 to £59,244. This does not suggest that regulation is becoming tougher; rather, we believe that these cases are becoming symbolic examples aimed at deterring other corporations following in the same path.

The declines in enforcement actions for the EA, SEPA, NRW and NIEA must be understood in the context of austerity measures and budget cuts. DEFRA provides a significant portion of funding for the EA, including the Environment Protection Grant, which has declined **by one third** in real terms over the past decade. Similarly, NRW has seen a 36% **funding** cut from the Welsh government since **2013/2014**, while SEPA's budget cut from the Scottish government has been 16% since 2015. These funding cuts have led to a decline in physical site inspections by environmental agencies. SEPA, for example, has experienced a 25% reduction in physical site inspections, while the EA has seen a cut of one third.

Because of these budget cuts and fewer enforcement actions, environmental agencies are struggling to address environmental misconduct by corporations effectively. Consequently, individual activists, NGOs, and civil society groups are playing an increasingly important role in safeguarding and preserving vital ecosystems and holding polluters accountable.

Water pollution

The water industry has been a significant target for enforcement actions by environmental agencies. Within the EA, water companies are more likely than any other to receive high penalties. One **notable** case is Southern Water, which received the largest-ever EA fine of £90 million in 2021 for repeatedly dumping raw sewage into the seas off North Kent and Hampshire between 2010 and 2015. Southern Water pleaded guilty to 51 counts of illegal sewage discharges, with the judge in the case believing that Southern Water **gained** approximately £36 million by not treating the raw sewage and releasing it instead.

In Wales, Dwr Cymru, the main water services provider, has been subject to a significant number of enforcement actions by NRW. Since 2018, Dwr Cymru **has received** over 200 warnings, indicating recurrent compliance issues. However, only two fines have been issued, raising questions about the effectiveness of mere warnings. Similarly, Northern Ireland Water Limited has faced penalties from the NIEA, with 22% of all penalties issued by the agency since 2010 targeting the company. SEPA has also taken enforcement actions against Scottish Water, concluding 28 cases with a total of £584,000 in penalties.

While the water companies may be seen as particular targets for the environment agencies and have received many news **headlines**, water pollution by raw sewage dumping is an ongoing and major issue for the environment. For instance, last year, there were **3.6 million** hours of sewage dumped into waterways in England.

However, water companies are not the only waterway polluters. Agricultural pollution threatens the ecological integrity of UK rivers. Despite the River Wye's **designation** as a Site of Specific Scientific Interest and a Special Area of

Conservation, it faces significant pollution from nearby industrial chicken farming. Yet agricultural corporations face much less [regulatory](#) action than water companies.

The government did attempt to protect these waterways from industrial farming pollution with the Reduction and Prevention of Agricultural Diffuse Pollution (England) 2018 [Regulations](#). However, while it has been [found](#) that in 2021-2022 there were 391 breaches of this regulation recorded, the EA are yet to issue any warnings or penalties under the legislation. Moreover, many of the intensive chicken farms responsible for water pollution in the river Wye supply food giant Avara Foods, which is owned by Cargill and Noble Foods.

From Violation Tracker UK, it can be seen that neither food giants nor farms in their supply chains have faced regulatory action specific to their activities around the Wye. [Cargill](#) has received two environmental violations, with only one monetary penalty of £8,188. Meanwhile, [Noble Foods](#) has received one environmental violation with a monetary fine of £50,000 for releasing untreated waste water from its chicken slaughtering and processing plant in Lincolnshire into a local stream in 2020.

The announcement of [River Action's](#) lawsuit against the EA and DEFRA for failing to protect the river Wye from pollution marks a significant development in environmental advocacy. This case highlights the challenges in regulating industrial farming practices and addressing the resulting water pollution effectively.

The lawsuit not only underscores the failures of environmental regulators in tackling pollution from industrial farms, but also raises questions about the effectiveness of the Office for Environmental Protection (OEP), established by the government in 2022 following Brexit. The OEP was created with the mandate to enforce compliance with environmental laws and regulations and hold the government accountable for any failures to protect the

environment. However, the absence of any cases brought by the OEP against environmental regulators for regulatory failings suggests a gap in its enforcement actions, raising concerns about its effectiveness at fulfilling its mandate.

The river Wye case serves as a wake-up call for stronger enforcement of environmental regulations and greater accountability in safeguarding waterways from pollution. It underscores the importance of robust regulatory oversight, transparent governance, and proactive measures to address environmental challenges and protect natural resources.

Emissions and Energy

Climate change constitutes one of the biggest challenges of our time, demanding urgent and comprehensive action to mitigate its impact. Regulatory policies such as the Greenhouse Gas (GHG) Trading Scheme Regulations 2012 exist, which act as a key policy tool to help reduce GHG emissions. Specifically, this regulation caps the total level of GHG emissions allowed by corporations and allows industries with low emissions to sell their GHG emissions allowances to larger emitters.

In Violation Tracker UK, this is classified as a climate change regime violation and is regulated by the EA and SEPA. However, while this regulation is supposedly there to help in the reduction of GHG emissions, there have only been 22 published [cases](#) of climate change violations by these agencies, resulting in fines totalling £134 million. Flybe Limited were [handed](#) a £51.1 million fine under this regulation by the EA in 2020 for failing to surrender sufficient allowances to cover plane emissions in 2019.

Lax enforcement is also [evident in the data](#) relating to the oil and gas industry. Since 2010, Violation Tracker UK shows that there have been just 35 enforcement cases against oil and gas companies by environment regulators in the UK and £4.2 million in fines. The largest of these [fines](#) was against Hertfordshire Oil Storage

Limited for failing to take measures necessary to prevent major accidents, with the EA fining them £1.4 million.

The North Sea Transition Authority ([NSTA](#)) are one of the key agencies for the regulation of oil and gas in the UK. But it has a conflicting core mission: to achieve the maximum economic recovery (MER) of UK petroleum, as set out in section 9a of the [Petroleum Act 1998](#). This objective is to be met through the ‘development, construction, deployment and use of equipment used in the petroleum industry.’

However, this industry-promotion objective stands in direct conflict with the UK’s commitment net zero. Supporting oil and gas extraction contradicts the urgent need to transition away from fossil fuels towards renewable energy sources. By prioritizing MER without clear provisions or mandates to promote renewable energy, the NSTA risks perpetuating reliance on fossil fuels and hindering the UK’s transition to a low-carbon economy.

Despite a [revised](#) energy strategy in 2021 that emphasized the importance of maintaining good environmental, social, and governance practices, the central objective of achieving MER remains unchanged. Therefore, the NSTA faces a critical dilemma in balancing its responsibility to facilitate the energy transition with its authority to grant new licences for oil and gas exploration. Its increase in [licensing](#) for oil and gas exploration, coupled with the agency’s [low](#) enforcement record and minimal fines for fossil fuel-related violations, suggests it favors fossil fuel expansion over environmental and climate objectives.

While there has been some regulatory attention to GHG emissions, it remains alarmingly low. There has been even less regulatory focus and a paucity of data on non-GHG air pollution as well as pollution from the chemicals industry.

In general, environmental regulators in the UK pay little attention to air and chemical pollution, despite its significant impact on climate change and public health.

Nature and Habitats

Habitat protection is essential for maintaining the health of ecosystems, supporting biodiversity, sustaining ecosystem services, and promoting human wellbeing. Conserving and restoring habitats can help address pressing environmental challenges and build a more sustainable and resilient future.

Habitat protection in the UK involves a combination of legal frameworks, conservation efforts, and land management practices. The Wildlife and Countryside Act 1981, the Conservation of Habitats and Species Regulations 2017, and the Wildlife and Natural Environment (Scotland) Act 2011 provide key habitat legislations and regulations in the UK. These acts are carried out through Natural England, Environment Agency, Scottish Natural Heritage, Scottish Environment Protection Agency, Natural Resources Wales and the Northern Ireland Environment Agency. As well, local planning authorities also have a role, as they enforce planning regulations and permits to ensure that development activities do not harm protected habitats or species.

In spite of the importance of habitat protection, Violation Tracker UK [records](#) startlingly few enforcement actions: just 9 published enforcement cases since 2010 against companies, one by NRW and 8 by NE. Only one case has received a monetary fine of £2,605, that from NRW. The disparity between the number of enforcement actions and distribution of these cases, with the majority being by NE, raises questions about the distribution of enforcement responsibilities and resources among agencies.

View from Professor David Whyte, Director at the Centre for Climate Crime and Climate Justice, Queen Mary University of London

“The period of public sector cuts that we describe as ‘austerity’ has been devastating for the Environmental Agency, to the point that it is now fully prevented from doing its job of protecting our water, land, and air quality from toxins. It has faced more than a halving of its budget in real terms since the 2010 Cameron government.”

As Violation Tracker’s work has shown, this has given a free reign to many of our largest polluters. In 2023 enforcement action taken by the Environment Agency was at 12% the level it was in 2010. And in the same period, prosecutions of corporations by the regulatory body fell to 6% of the 2010 total.

We need to be aware that the sewage crisis is only the first of a series of environmental catastrophes we face. This hollowed out and neutered regulatory body leaves government wholly unable to deal with the big polluters and unable to stem the flow of toxins into our rivers, our communities and our homes.”



Conclusion

Across offence groups and sectors, systemic issues plague the UK regulatory system. The fragmented nature of the UK regulatory landscape has left wide enforcement gaps. Key sectors lack an ombudsman, whilst some areas are left with scarcely any enforcement activity at all such as procurement fraud, air pollution, private renting, and school meals.

A heavy reliance on the court system, for instance through employment tribunals or for customer disputes, means that redress is either not available or prolonged and burdensome. Many regulators too must take rogue companies to court because they lack the power to issue fines directly for regulatory breaches.

Where misconduct is identified, regulators are far more likely to issue warnings and notices than impose fines or pursue prosecutions. Despite evidence of widespread harm in their sectors, agencies such as the Office of Immigration

Services, the Employment Agency Standards Inspectorate, the Gangmasters and Labour Abuse Authority, and the Office of Product Safety and Standards have very low prosecution rates.

Regulators such as HMRC and the Environment Agency, Ofcom, Ofwat, and the FCA, to name a few, are proving ineffective at tackling major issues from non-payment of minimum wage and tax to sewage dumping, overcharging and banking malfeasance. In many cases, these gaps reflect regulators' reduced budgets and ever-expanding remits. Local authority spending power is lower than it was prior to 2010, severely impacting their ability to carry out their enforcement duties effectively. HMRC are still having to deal with cuts, despite enforcement work adding £18 to every £1 spent.

Clearly large-scale changes are required to ensure that all areas of public life are protected through strong rules that are effectively enforced.



Policy Priorities

Close the enforcement gap by investing in regulators

- ✓ Restore the world-class status of UK regulators by reversing the deep budget cuts seen since 2010. Between 2009-2019, key regulators suffered funding reductions of up to 72%, leaving them struggling to fulfil their duties. Provide significant funding, power, and independence to regulators, as called for by Unchecked UK and others.
- ✓ Address the haemorrhaging of specialist skills and expertise. Regulators have lost experienced staff and technical know-how, undermining their ability to properly protect the public. Boost budgets for recruitment, training, and retention to rebuild regulatory capacity.
- ✓ Equip regulators to deal with the challenges of the future, not just the present. As Unchecked UK's [consultations](#) with business show, regulators are falling behind new technologies, online harms, and the climate crisis. Upskill regulators to become more agile, responsive, and innovative in emerging complex threats.
- ✓ Launch an urgent government-led review, in consultation with regulators, industry, and civil society, to determine the optimal mix of funding mechanisms for each regulatory domain. The review should consider factors such as independence, sustainability, and accountability.
- ✓ Implement the review's recommendations swiftly, to put regulators on a sound financial footing and give them the certainty they need to plan for the future.

Impose meaningful sanctions on rule-breakers

- ✓ End weak and ineffective penalties that allow bad actors to treat non-compliance as a cost of doing business. Substantially increase fines for serious and repeat regulatory breaches.
- ✓ Name and shame the worst offenders across all regulatory domains. Expand the successful 'name and shame' approach used for minimum wage violations to other areas like food safety, pollution, financial services, and consumer protection. Publish easily accessible information on poor compliance records so the public can hold rule-breakers to account.
- ✓ Close the loopholes and crack down on the enablers. As the report highlights, too many companies are exploiting gaps in the rules or relying on armies of lawyers and consultants to evade regulatory action. We need a concerted effort to shut down these avenues of abuse and ensure that no one is above the law.

Make public and environmental protection the prime purpose of regulation

- ✓ Replace the 'growth duty' with a statutory obligation to prioritise public and environmental protection. The report shows how regulators like the Environment Agency and Health and Safety Executive have been hamstrung by a legal requirement to put economic considerations ahead of their core mission. It's time to change the policy and make it crystal clear that the public interest comes first.
- ✓ Strengthen redress and accountability for regulatory failures that cause harm. Too often, as in the cases of sewage pollution and unfit energy firms, regulators are failing to prevent serious damage to communities and the environment.
- ✓ Beef up the public's power to take action when regulators fall short. Even the best-resourced regulator may sometimes fail to act, so we need a robust system of checks and balances. Give the public and civil society a legal right to challenge regulatory inaction and enforce the rules themselves through collective lawsuits and 'citizen suits'.

Document Design by **Abbie Darley**



© Copyright 2024 by Good Jobs First. All Rights Reserved.