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Rt Hon. Nadine Dorries MP  
Secretary of State for Digital  
Culture, Media and Sport  
4th Floor  
100 Parliament Street  
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28 April 2022

Dear Secretary of State,

### **Delivering the UK pro-innovation approach to digital regulation**

Thank you for your letter of 8 March 2022 to me and the CEOs of the DRCF member regulators. They have asked me to provide a collective response on behalf of us all.

In your letter, you set out the government's priorities for the regulation of digital markets and those policy areas with relevance for the work of the DRCF. You also asked for updates and insights relating to the DRCF's work and future plans. I have responded below and include for your information our workplan for 2022/23 and our annual report for 2021/22, both of which we have published today.

#### *Joining up the regulatory landscape*

We welcome your endorsement of the important role of the DRCF and share your vision for efficient, effective and joined-up regulation of the digital landscape. As you will see from our workplan, we have three overarching goals for the DRCF: to promote greater coherence; to work collaboratively on areas of common interest, and to work together to build the digital capabilities of each regulator. Our belief is that, by working together in this way, we will enhance the overall effectiveness and efficiency of each regulator in the delivery of their digital responsibilities.

As you recognise, this joined-up approach is important not just between the DRCF member regulators, but also with other UK regulators whose remits may connect with ours on digital issues. We have already developed good working relationships with a number of other regulatory bodies via the DRCF regulator roundtable. This

has met quarterly since its formation in September 2021 and brings together regulators outside of the membership of the DRCF to share updates on their current work on digital issues and to input to DRCF activities.<sup>1</sup> We are working with this group to identify synergies and interactions between our respective priorities, as well as to scope their involvement in specific projects over the next year, such as how we make use of regulatory technologies and our horizon scanning work.

We will also look for opportunities to engage with regulators bilaterally and via the UK Regulators Network's working groups, such as their cyber security, data strategy and digital exclusion groups.

### *Flexible and innovative approach to regulation*

We recognise the central importance of innovation to digital markets and have already adopted initiatives to support this. The ICO and FCA offer advice and joined-up support services, such as regulatory 'sandboxes' which provide businesses with an environment in which to test new ideas, while Ofcom, together with Digital Catapult, has also worked with industry to create SONIC Labs, where it can develop new uses for mobile networks involving new innovators and technologies.

As set out in our 2022/23 workplan, we will this year publish research into how we can make it easier for innovators to introduce new ideas, products and business models across multiple regulators' remits. We will use our conclusions to explore options for us to improve the journey for innovators across our regulatory boundaries.

### *Engagement and transparency*

Your letter also asked how we intend to engage and leverage insights from wider stakeholders beyond the regulatory community, including industry, consumers, civil society, academia and Parliament. The DRCF member regulators already undertake individual forms of engagement; the DRCF's collective engagement aims to leverage and supplement this existing activity. We recognise that engagement with a wide range of external stakeholders is crucial to inform and shape our collective thinking, draw from cutting-edge expertise, amplify our joint impact, embed a culture of collaboration across the DRCF member regulators, and, ultimately, deliver on the DRCF's aims.

Over the past year, the DRCF's external engagement has included roundtables with academia, government and industry to learn more about end-to-end encryption, age assurance and algorithms. We have also met various international counterparts, such as the Netherlands Authority for Consumers and Markets, and the Australian

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<sup>1</sup> The attendees are currently: the Advertising Standards Authority, the Bank of England, the British Board of Film Classification, the Electoral Commission, the Equality and Human Rights Commission, the Gambling Commission, the Intellectual Property Office and the Payment Systems Regulator.

Competition & Consumer Commission, to share information and discuss best practice approaches to digital regulation, including our experience of working collaboratively across regulators. Further information about our external engagement to date can be found in our annual report for 2021/22, which is annexed to this letter.

Going forward, the DRCF is keen to build on these foundations and is developing an active programme of engagement with a broad range of stakeholders, including:

- *Government:* We will continue to engage regularly with officials across government in the year ahead to ensure they are kept informed of our priorities and to respond to any queries/concerns.
- *Parliament:* We are committed to operating in a transparent and accountable way and welcome further opportunities to engage with Parliamentary stakeholders to report on the progress made by the DRCF, in addition to our member regulators' direct accountabilities to Parliament.
- *Industry:* We will work with industry to identify opportunities where collective engagement with the DRCF can streamline and support industry's regulatory interactions, inform DRCF understanding of digital technologies, and provide insights into the impact of regulation on market participants.
- *Academia:* We will build the DRCF's connections with academia to support our understanding of technological developments and their potential impacts on digital markets, and to supplement our knowledge of the domestic and international regulatory landscape.
- *International:* We will continue to engage with our international counterparts to discuss the regulation of digital markets and share experiences of working collaboratively across regulators, building on DRCF member regulators' individual international engagement. We are seeing increasing interest in how the DRCF works from a range of international counterparts.
- *Civil society and consumer groups:* We will meet with stakeholders from these groups over the year ahead, in order to identify potential areas where the DRCF can focus its activities to address concerns in relation to digital markets and to raise awareness of DRCF's work.

We envisage that this wide-ranging programme of engagement (also including our ongoing engagement with the wider regulatory community, outlined above) will enable us to grow our understanding of different perspectives and experiences of digital regulation, build stronger collaboration with key partners and ensure that our outputs are more robust and better informed. We understand that stakeholders want to understand how the DRCF member regulators work together and reach collective decisions and will publish a joint MoU later this year to set this out.

### *Coordination on horizon scanning*

You asked in your letter for an update on the insights we have received since the launch of our horizon scanning programme in November last year,<sup>2</sup> any opportunities arising from innovation in relation to Web 3.0, and how our horizon scanning work might best support Government.

We see the DRCF as key to enabling efficiencies across the horizon scanning activities already undertaken by the member regulators and to bridging gaps in our collective knowledge of emerging technologies. Since the launch of our horizon scanning programme, our focus has been on the three priorities identified in our launch document:

- In March, we launched our digital markets research portal<sup>3</sup> which brings together over 80 pieces of research undertaken by eight regulatory bodies. As well as providing a useful resource for academics and other stakeholders, this will help us make the most of the research and evidence across our own organisations and those with which we partner.
- In April, we held the first of our regional horizon scanning events to connect with industry and academia based in Manchester and discuss with them the technologies, products, and solutions that entrepreneurs and innovators working in the fintech and cybersecurity sectors are developing.
- In May, the first of our technology symposia will take place, bringing together regulators, government, industry and academia to build our understanding of immersive technologies, including the metaverse in order to help us consider potential implications for regulation.

Further events are already being planned on topics including Web 3.0 which we intend to hold in July. Through this, we hope to explore the opportunities arising from innovation in this area and would be happy to work with your officials to explore this further following our event.

As you recognise, given the fast-moving nature of the digital landscape, there is considerable potential for our horizon scanning work to offer value not just to our individual organisations but to Government and other organisations more widely. We intend to publish our collective insights from our horizon scanning work.

### *Cross-cutting policy priorities*

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<sup>2</sup> As a part of the launch of the horizon scanning programme, we set up a mailbox, [JoiningUpOnFutureTech@ofcom.org.uk](mailto:JoiningUpOnFutureTech@ofcom.org.uk), to provide stakeholders with an 'always open' channel to contact us about emerging online products or services that are likely to have an impact at the margins of our respective remits, or that could affect several of our respective objectives.

<sup>3</sup> [Digital Regulation Cooperation Forum digital markets research - GOV.UK \(www.gov.uk\)](https://www.gov.uk/digital-regulation-cooperation-forum-digital-markets-research)

Your letter emphasises the importance of the DRCF working closely with Government. I agree that this will be vital and I am very glad you feel Government has already benefited from our work to date. Your letter notes your interest in the potential for collaboration between Government and the DRCF on a range of topics going forward, including AI governance, online advertising, and on ensuring cooperation and coherent regulatory approaches in relation to online safety, data and competition policy. We have outlined our proposed workstreams on these issues in our workplan and will work with your officials as they develop. We will also be happy to support the government's ongoing implementation of the National Data Strategy and to remain joined up on ways that the DRCF can support innovation in digital markets.

I look forward to our continued close dialogue as we work through the DRCF to deliver an innovative and cohesive approach to digital regulation.

Yours sincerely,



Gill Whitehead  
*CEO, DRCF*