



Department for
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Dear Andrea, John, Melanie, Nikhil, Gill,

DELIVERING THE UK'S PRO-INNOVATION APPROACH TO DIGITAL REGULATION

Last Summer the Government published its Plan for Digital Regulation, which set out our commitment to developing a strategic, pro-innovation approach to digital regulation. Now that we are outside the EU, we have the flexibility to design our regulatory approach in a way that unlocks innovation, delivers the full benefits of the digital economy, and promotes UK leadership on the world stage.

The DRCF has a vital role to play in delivering on this vision through its work to create a more coherent regulatory ecosystem. I therefore wanted to highlight the Government's priorities for the digital regulatory landscape, as well as cross-cutting policy areas relevant to the DRCF's work, for your consideration as you finalise the DRCF's work plan for 2022/23. There are a number of areas where the Government thinks the DRCF can make a vital contribution, whether in terms of strengthening industry and consumer confidence, or in sharing its expertise and research.

Joining up the Regulatory Landscape

The Plan for Digital Regulation emphasised the crucial role that join up between regulators will play in enhancing the overall effectiveness of regulatory interventions. As innovations in technology continue to defy traditional definitions, and blur regulatory boundaries, closer coordination will be needed across the regulatory landscape - for example, to enable effective data sharing across sectors by intermediaries or to deal with the cross-cutting challenges of digitised sectors such as online advertising or gambling. Going forward, sharing expertise, developing common capabilities, maximising efficiencies in the way regulators operate, and minimising unnecessary burdens on business will be paramount.

I appreciate the initial steps the DRCF has taken to engage with other regulators over the past year. I would welcome a further update on how the DRCF intends to deepen and expand this critical engagement.



Flexible and innovative approach to regulation

I would like the UK's approach to regulation in emerging digital and technological areas to enable innovation and be unashamedly pro growth. Regulation should be proportionate, be as light touch as it can be and limited to what is demonstrably necessary - this can be a key source of competitive advantage to the UK economy going forward. Where regulatory constraints are needed, they should still expressly seek to encourage the development of new ideas and allow them to flourish and grow. Sandboxes can greatly help with encouraging innovation.

I would welcome your views on how the UK's regulators and the DRCF can help to implement this vision. In particular, I would be keen to understand what opportunities you see in the use of innovative regulatory techniques, such as cross-sector sandboxes to identify and tackle future regulatory problems - an issue that has attracted interest from industry and public-sector bodies alike.

Engagement and Transparency

Making sure diverse and cutting-edge expertise underpins our regulatory approach will be vital to its success. Through the Plan for Digital Regulation and the recent House of Lords Communications and Digital Select Committee inquiry, the Government heard from a range of stakeholders that are keen to collaborate and actively inform our regulatory approach to digital technologies. Respondents highlighted this could lead to better outcomes for the quality of policy design and implementation and democratic processes. Several stakeholders expressed an interest in more clarity around how the DRCF members work together, and how you come to collective decisions.

I would therefore welcome an update from the DRCF regarding how it intends to engage and leverage insights from industry, consumers, civil society, academia and Parliament through its 2022/23 workplan. I also welcome the commitments from the DRCF in its evidence to the Lords Inquiry to keep Parliament updated on its activities.

Coordination on Horizon Scanning

The UK needs to be able to anticipate new regulatory challenges to ensure we stay ahead of the curve and adapt our regulatory response and capabilities effectively. New digital innovations such as the emergence of Web3 or the metaverse could raise questions about the way our regulatory landscape should look and function in the future.

The DRCF's recently-launched technology horizon scanning programme has a vital role to play in this context, alongside the work the Forum's member regulators have already undertaken to improve their evidence base. I would welcome an update on the insights the DRCF has secured through this programme - particularly the call for evidence launched at the Future Tech Forum in December 2021. As a priority, I would also be keen to hear the DRCF's early insights on what you think are the greatest opportunities emerging from innovation related to Web3, how the public sector might best support innovation in this area, and what regulatory issues will need to be considered in order to achieve maximum benefit for the public.

Going forward, I am also keen to understand how the DRCF proposes to use its horizon-scanning capabilities to support the Government and wider regulatory community in identifying the key regulatory questions we will face in future years - including how we regulate, how our regulators may need to adapt, and how the regulatory landscape itself may need to be evolve and change.

Cross-cutting Policy Priorities

2022 will be a crucial year for the Government's digital regulation agenda as we introduce key legislation and next steps on a range of vital policy issues. The Government is committed to working closely with the DRCF during this critical period and - where possible and appropriate in the context of the Forum member regulators' independence - sharing insights that can improve the design and implementation of regulatory policies. The Government has already benefited greatly from the outputs that the DRCF produced as part of your inaugural work plan - for example, the focus on interactions between privacy and competition regulation.

As the DRCF finalises its work plan for 2022/23, I wanted to flag some specific areas of cross-cutting digital policy that may intersect with the DRCF's priorities. In particular, I would be interested to understand whether there are complementarities and opportunities for collaboration in the following areas: AI governance; online advertising; supporting the Government's ongoing implementation of the National Data Strategy, particularly in relation to data availability for the economy and society; and ensuring cooperation and coherent regulatory approaches on online safety, data, and competition policy.

Looking Ahead

Over the coming months, the Government intends to publish more detailed thinking on the pro-innovation approach we outlined in the Plan for Digital Regulation, responding to the views of stakeholders and the recommendations from the House of Lords Select Committee's recent inquiry. The fast moving nature of digital technologies means that our regulatory approach must continue to evolve, and I am clear that we are still only at the early stages of laying the foundations of a regulatory regime for the digital economy. It will be critical for us to continue working closely together to make sure the UK's regulatory approach is fully coordinated, streamlined and coherent.

I welcome your continued collaboration as we drive forward a pro-innovation approach to regulating digital technologies.



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