

# Closing the Gap Series

## Overview

January 2024

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# Closing the Gap Series

The foundational role of regulation is to safeguard people, markets, and the environment. This involves critically addressing how emerging technologies might impact these areas and devising regulatory strategies that are both protective, ensuring safety and public confidence, and enabling technological innovations that benefit society. To do this requires:

- **Evaluating harm, risk, and benefits:** How can these be identified and managed effectively?
- **Understanding the ecosystem:** What combination of actors, data, and controls is necessary for robust risk management?

In answering these questions, in-depth consideration is needed, and regulators and policymakers might consider how they approach:

- **Identifying harms, risks, and benefits:** Establishing a systematic approach to recognise and assess these in new markets and technologies.
- **Information sharing:** Determining who gathers regulatory data and the mechanisms for its dissemination.
- **Data evaluation and action implementation:** Identifying responsible parties for analysing information and developing and executing risk-management strategies.
- **Balancing harms and benefits:** Engaging technical experts and, where ethical or social considerations are involved, wider societal input, to appraise risks against potential benefits.
- **Risk management strategies:** Outlining necessary actions and identifying who should undertake them to achieve successful and acceptable outcomes.

The Council strongly believes that well designed and enacted regulation can be a catalyst for technological innovation. A suitable regulatory environment can support by:

- Enabling the safe and effective development of new products, services, and business models;
- Boosting confidence in sectors to support finance and investment; and
- Creating new and trusted markets, both domestically and internationally, by promoting competition and fostering public acceptance.

Since its formation in 2019, the Regulatory Horizons Council<sup>1</sup> has worked to produce eight sector-specific reports on how effective regulatory measures can catalyse innovative technologies. In June 2022, we published our first cross-cutting report, *Closing the Gap*. This synthesised and built upon the findings of its sector-specific reports and examined how the principles identified as underpinning pro-innovation regulation, function in practice. The report highlighted six focal points that need to be addressed to support technological innovation:

1. Regulation should adopt a proportionate approach to risks and benefits.
2. Regulation and innovation should embrace ethics and public engagement.
3. Regulation should take account of commercial considerations and the need to attract investment.
4. Regulatory design and implementation should consider alternative forms of regulation.
5. Regulation needs to get the timing right.
6. Regulators should foster a culture of openness and a growth mindset.

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<sup>1</sup> <https://www.gov.uk/government/groups/regulatory-horizons-council-rhc>

The report highlighted that all actors within the technological innovation ecosystem need to collaborate if they are to make effective decisions that will accelerate these products and services to market. With this in mind, we set out a suite of recommendations for regulators, policymakers, government, innovators, regulators, parliamentarians and civil society groups.

Our recommendations were well received, but we recognise that there is more to be done to support those involved in our regulatory system to keep pace with rapid technological change. To that end, we have developed the 'Closing the Gap: Series'. This series aims to provide actionable insights, share practical case studies of how the focal points can work in practice, foster collaborative solutions to overcome broad sector-agnostic regulatory challenges and contribute towards system-level changes that may be needed for innovation to thrive.

In the coming months, the Council will publish its findings in three key areas, with others to develop over the rest of the year.

- **The Role of Regulation in Supporting Scaling Up:** This report examines the UK's pro-innovation regulatory framework, focusing on the challenges faced by start-ups and scale-ups. Despite the UK's advanced research and development capabilities, these businesses encounter disproportionate regulatory challenges that can hinder their growth. The report promotes a regulatory landscape conducive to scaling innovations domestically, emphasising collaboration between businesses and regulators, political clarity, and market creation through safety norms and data access. It offers practical solutions to foster a regulatory environment that supports innovation and growth for smaller businesses.
- **A Delicate Balance: Nurturing Innovation and Delivering Regulatory Protection:** To build on focal points one and five, this report focuses on the challenge of balancing *fostering innovation* and *ensuring public safety*, highlighting the importance of data-driven oversight and market surveillance. The report delves into case studies to illustrate the application of various approaches for intervention and its timing, emphasising the need to be adaptable, responsive, and proactive. It highlights the role of public opinion and the benefits of engaging collaboratively with stakeholders in shaping regulatory approaches, and the impact of these can have on market dynamics and international competitiveness.
- **Culture of Innovation:** To build on focal point six, this project aims to nurture the 'Growth Mindset' within regulators and policymakers. It addresses the pitfalls of expert cultures that may hinder innovation and advocates for a mindset shift towards embracing challenges and learning from failures. The project's objective is to work with regulators and policymakers in adopting strategies that promote innovative decision-making. The project balances fostering innovation with maintaining expertise in regulatory environments.

As we continue to develop these insights, we invite all stakeholders to share their views on cross-cutting challenges that we should consider as part of this series.

**Regulatory Horizons Council**

[RegulatoryHorizonsCouncil@dsit.gov.uk](mailto:RegulatoryHorizonsCouncil@dsit.gov.uk)



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