Regulatory Sandboxes: What Businesses Can Expect

The Government will seek transformational new cross-sector powers in the Regulating for Growth Bill to support businesses to innovate and test new ideas. These sandbox powers will allow Government to temporarily modify or disapply legislation that is acting as a blocker to innovation and growth.

This will allow businesses which have been approved to participate in a sandbox to test new products or services in the live market. Where testing demonstrates that an approach is safe and effective, these powers will enable the Government to be able to make those regulatory changes permanent, allowing successful innovations to scale across the UK. This pamphlet explains what participation in a regulatory sandbox would feel like from a business perspective.

We are engaging with industry now to ensure the programme works in practice and supports real-world innovation.

What is the Government planning to introduce?

The Government will introduce new powers so regulators can temporarily ease or adjust rules that are holding innovation back, allowing businesses to test products in the market.

Under carefully managed criteria, businesses operating within a sandbox will be able to operate under modified regulatory requirements for a time-limited period. Where the evidence demonstrates that these changes are safe and effective, the Government will be able to lay legislation make the relevant regulatory changes permanent to support wider roll-out across the UK.

Sandboxes are designed to help businesses move faster from idea → testing → market.

What safeguards are in place?

Sandboxes will operate under strict controls to manage risk:

- Maintaining standards and protections.
- Clear legal safeguards and regulatory oversight.
- Defined time limits, with ability to pause or stop testing if risks emerge.
- Transparency and accountability throughout.
- Clear responsibilities and protections set out upfront
- Participation will be structured to ensure risks are managed at every stage.

What is a "regulatory sandbox"?

A regulatory sandbox is a supervised, time-limited environment where businesses can test new products or services with certain regulatory requirements temporarily modified.

Testing takes place under regulatory oversight, with clear safeguards. If evidence shows the approach is safe, effective, and beneficial, the Government can make the regulatory changes permanent, enabling the innovation to scale across the UK. In this way, a regulatory sandbox goes further than an advisory sandbox which provides guidance within existing rules.

Why this matters for business

Regulation underpins trust and confidence in the UK economy. But it does not always keep pace with rapid technological and commercial change.

Businesses tell us regulation can:

- Require high upfront costs and long approval timelines before testing can even begin
- Create uncertainty about what is permitted, especially for novel technologies or models
- Be inconsistent across sectors or regulators, making scale-up harder
- Carry a risk of penalties, delays, or reputational damage if interpretations differ

These barriers can slow innovation, deter investment and weaken the UK's global competitiveness. We are looking to change that.

REGULATING FOR GROWTH BILL

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Is a sandbox right for my business?

Sandboxes are intended to support microbusinesses, SMEs, and large firms wherever there is a genuine element of innovation.

- Eligibility will be sandbox specific, with relevant regulatory oversight
- The programme will operate across the economy and across the UK
- Insights and learning will be shared transparently to support wider adoption

What are the wider benefits?

Sandboxes will support the UK economy by:

- Accelerating innovation and productivity
- Attracting domestic and international investment, improving competitiveness
- Ensuring regulation keeps pace with modern technologies.
- Building a strong evidence base sandboxing can turn real-world testing into real-world change faster.

What opportunities could a sandbox create for you?

We will continue to work closely with industry to ensure the programme is practical, proportionate, and accessible.

- Reduce regulatory uncertainty through supervised testing
- Lower the costs of early-stage experimentation.
- Build credibility with investors, customers and partners
- Scale with confidence once your solution is proven.

How does this fit with broader business support?

Sandbox powers will align with the Government's broader support for business growth. As part of the Small Business Plan, the Business Growth Service launched in July 2025 to bring together national and local business support.

As the sandbox offer develops, it will be integrated into the Business Growth Service, making it easier for businesses to discover and access the right support at the right time.

These powers could be used in a range of growth-critical sectors, including:

Medicines and medtech: Enable real-world testing of regulatory approaches and innovative healthcare products, supporting innovators to de-risk innovation and bring safe, high-quality treatments and technologies to patients more quickly with robust oversight.

Autonomous shipping: Trial autonomous vessels in turn enabling next-generation defence technologies, supporting national security.

Cross-economy AI: The AI Growth Lab will bring multiple regulators together to test cross-cutting AI-enabled products and services to support safe AI adoption and innovation.

What will the business journey look like?

We know businesses are busy. The sandbox journey will be designed to be clear, proportionate and low-burden.

1. Identify legislative barrier to innovation or growth
2. Government legislates for sandbox
3. Businesses apply to take part in sandbox
4. Onboarding and agreement of scope and safeguards
5. Test your product or service in a safe set-up
6. Ongoing monitoring and support
7. Evidence collection and evaluation
8. Government decision to seek to make regulatory change permanent based on outcomes
9. Communication of findings and any permanent regulatory change
10. Scale your product and service