

The Role of Regulation in Supporting Scaling Up

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in

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Regulatory Horizons Council

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The Regulatory Horizons Council



- In its 2019 White Paper “**Regulation for the Fourth Industrial Revolution**”, the Government recognised the need for regulation to unlock new innovations.
- The **Regulatory Horizons Council** was established as an independent expert committee to identify the implications of technological innovation and advise on the regulatory reform needed to support its rapid and safe introduction.



- **Christopher Hodges OBE** – Chair, Emeritus Professor of Justice Systems at the University of Oxford
- **Alastair Denniston** - Consultant Ophthalmologist & Professor at University Hospitals Birmingham NHSFT/University of Birmingham
- **Andy Greenfield** - Honorary Research Lecturer at the Nuffield Department of Women’s & Reproductive Health
- **Joyce Tait** - Professor and Co-Director at the Innogen Institute, University of Edinburgh
- **Lucy Mason** - Director at Capgemini Invent, former Head of the Government’s Defence and Security Accelerator
- **Graeme Malcom** – CEO and Founder of M Squared, a leading developer of quantum technologies

RHC central question: How should the regulatory environment change if the UK is to get best value from technological innovation?

Consider regulatory change in the broadest sense – standards, laws, rules, guidelines, substance, process, perception, infrastructure, economic regulation

Provoke, challenge and disrupt the status quo - recommend deregulation, re-regulation, new regulation, changes of substance and process.

Encourage better outcomes for the UK – including competitiveness, productivity, cleaner environment, sustainability, citizenship, social inclusion...

Take a holistic view of what tech innovation needs to succeed (and which should), looking future-back, developing **anticipatory regulation** for both vertical and cross cutting issues

RHC Work



- The council has produced a number of reports on vertical tech areas and crosscutting themes – ongoing work includes engineering biology.
- The RHC utilises a mix of ‘deep-dives’, ‘convene’ projects and ‘snapshot’ reviews.
- Work on sectoral areas has drawn out a number of common themes and challenges facing pro-innovation regulation, consolidated in the RHC’s 2022 *Closing the Gap* report.

RHC's 2022 report on Closing the Gap Between Principles and Practices for innovation-friendly regulation





Role of regulation in supporting scaling up

Regulations have the power to catalyse or block entry to market, and impact investor confidence.

That said, we strongly believe that regulation – when enacted well – can be an important **enabler** for start-ups, for example through:

- Shaping the development of safe and effective new products, services and products and supporting start-ups and scaleups to gather the necessary evidence to demonstrate such credentials;
- Providing confidence in a sector to support access to finance and investment for scaling; and
- Facilitating the creation of new and trusted markets in the UK and internationally through promoting competition, fostering public acceptance and international harmonisation of requirements.



Role of regulation in supporting scaling up

Undertaken as a shorter **policy sprint**, drawing on the bank of previous evidence in addition to some targeted stakeholder engagement with **start-ups and scaleups** (spanning 6 sectors), **VCs, research institutes and policymakers across** the wider innovation ecosystem.

We recognise that **there is no 'one size fits all' solution** and so aim to provide a number of potential policy options to navigate the **three broad scenarios of challenge that we found that innovators face:**

- A. There may be uncertainty as to how new innovations will be regulated or fit under existing regulatory regimes.
- B. An existing regulatory regime may not accommodate innovative new products and services
- C. The existing regulatory framework may be fit for purpose, but its implementation is too costly, time consuming or complex for start-ups and scaleups.

Proposed policy/regulatory approaches

A. There may be uncertainty as to how new innovations will be regulated or fit under existing regulatory regimes.

- Regulatory experimentation to help start-ups co create new regulations
- Facilitating start-up participation in standards development
- Clear communication of political direction
- Regulators playing an active role in creating new markets through driving safety research

B. Existing regulatory regime does not accommodate innovative new products and services

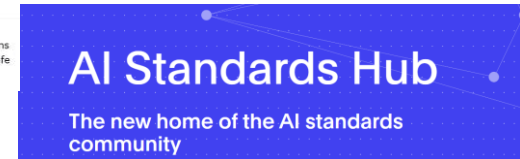
- Start-ups need to be able to flag concerns with existing regulatory regimes
- Need for start-up expertise and representation within regulators
- Cross regulator collaboration to tackle duplication caused by tech convergence
- Greater ability to suspend or amend existing rules

C. Existing regulatory framework is fit for purpose, but its implementation is too costly, time consuming or complex for start-ups

- Clear communication of regulatory information
- Options to expedite or provide iterative approaches to approvals/authorisation to reduce wait times

There are many examples of existing good practice, but more to do

- Regulatory sandboxes are being developed across sectors, including new funding for sandboxes announced in the Autumn Statement
- Support for SME's involvement in standards, including the AI Standards Hub and Innovate UK/BSI EDGE service
- Long term policy vision statements with commitments to proportionate regulation
- Regulatory collaborations and innovation support services such as the Digital Regulation Cooperation Forum, Engineering Biology Regulators' Network, AI in healthcare regulations service



Policy paper
Advancing airborne autonomy: use of commercial drones in the UK

Ambition statement and vision for commercial drones, created jointly by government and the sector, outlining the 2030 potential, current use cases and support and enablers for the future.

Policy paper
Towards fusion energy: the UK fusion strategy

The UK government's fusion strategy to lead the global commercialisation of fusion energy.



How do we get there? - Three overarching recommendations

1. Government empowering regulators with the tools and resources to better support the early-stage business community;
2. Promoting regulatory literacy in early-stage entrepreneurship; and
3. Building a better understanding of the regulatory impacts on early-stage businesses, and the effectiveness of pro-innovation initiatives e.g. sandboxes.



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