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# UK Government's proactive stance on a "Pro-Innovation" approach to AI Regulation

## Background

In June 2023, the Secretary of State for Science, Innovation, and Technology presented an updated policy paper titled "A pro-innovation approach to AI regulation" (the "**Policy Paper**") which highlights the potential of AI to boost the UK economy by fostering innovation. However, the use of AI also introduces new risks, such as privacy infringement and threats to human rights and national security. The strategies outlined in the Policy Paper aim to promote growth by minimising regulatory uncertainty, facilitating innovation, enhancing public trust in AI, and strengthening the UK's global leadership in this field.

## Key Discussions

The government's approach to AI regulation uses a principles-based framework for regulators to interpret and apply to AI within their remits. The framework is built around four key elements:

**Defining AI based on its adaptivity and autonomy**

The Policy Paper defines AI using adaptivity and autonomy as key parameters. Adaptivity refers to AI's capacity to produce outputs with complex rationale. Trained AI systems can discover unforeseen patterns and connections in data. Autonomy adds another layer of complexity to assigning responsibility, as certain AI systems can make decisions independently. By establishing a flexible definition based on these important traits, future regulations can stay up-to-date and avoid the drawbacks of rigid and outdated legal definitions for evolving AI technologies.

**Adopting a context-specific approach**

The proposal suggests regulating AI based on the expected outcomes in specific circumstances, rather than regulating entire technologies or sectors. This enables regulators to assess the risks versus the potential losses of not using AI, as different AI applications within the same sector may have varying risk levels. By responding to risks in a more tailored fashion, regulators can avoid hindering innovation and create more opportunities to leverage AI and its benefits.

**Cross-sectoral principles**

The new structure for AI regulation will be underpinned by 5 values-focused cross-sectoral principles. This approach ensures flexible and context-specific regulation that complements existing regulations. Implementing actions such as AI system testing, product labelling, and impact assessments across different sectors will align with these principles.

**Delivering new central functions**

The government is expected to closely monitor the framework's implementation and make necessary adjustments. A centralised approach is proposed to address the existing fragmented regulatory system. This involves establishing a central monitoring and evaluation structure to assess the impact of new regulations, creating an AI risk register for effective risk assessment, and providing education and guidance to businesses to ensure their compliance with the regulations.

## Next Steps

The measures outlined in the Policy Paper aim to foster AI innovation by businesses while effectively addressing the associated risks. Firms will need to provide clear guidelines for regulators to implement the new regulations and offer businesses an AI regulatory roadmap to navigate the requirements. To read the full Policy Paper click here.

We can provide advice to AI service providers on what the basic principles they should develop their business and technology base on to comply with the potential AI regulations to be enacted.

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