

Workplan 2024/25

April 2024



Digital Regulation Cooperation Forum



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Chair's Foreword

We are on the cusp of an artificial intelligence (AI) and technological revolution. As regulators, we have a shared interest in enabling that revolution: in protecting people from harm and raising public awareness of risks, while enabling digital industries to find new ways to unlock economic growth. We're keen to unleash the potential of AI and digital technology, while making sure the most vulnerable in our society aren't left behind. We'll have one eye on the future, so that we're well prepared for emerging technologies. And we will do this in an efficient, joined-up way.



Our shared interests as regulators continue to grow and will evolve. Therefore, for the first time, we are launching a three-year vision for the Digital Regulation Cooperation Forum (DRCF). Regulatory coordination is key to unlocking innovative approaches to technology, because so many new technologies span across regulatory remits. For example, the impact of AI is growing rapidly across the economy. For us as regulators, it's essential that, while we each regulate within our areas of jurisdiction, we continue to collaborate to ensure consistency between our approaches.

The centerpiece of our joint work over the coming year will be the DRCF AI and Digital Hub. The Hub will be a free informal advice service for tech innovators, enabling them to obtain consolidated informal advice from all four DRCF member regulators at once. Our aim is for the Hub to enable product developers to bring their products to market safely and quickly.

The UK's digital regulatory landscape is now well advanced, with new legislation adopted or in progress on online safety, competition in digital markets and data protection, and operational resilience risks related to critical third parties in financial services. There is also a clear Governmental approach to AI regulation. We will work closely together in areas of intersection to ensure that digital regulation as a whole is effective and efficient for both businesses and their customers. Meanwhile, for those firms which are large enough to be of key interest to all our member regulators, we will come together to provide consistent and coordinated oversight.

UK digital regulation doesn't happen in a vacuum. We're aware that many businesses are navigating a complex international regulatory picture. We plan to build on the international network we established last year, pioneering our approach to regulatory coordination on the global stage and sharing best practice with overseas counterparts.

In the UK, we will work further with other regulators in areas of shared interest, as well as continuing to engage with industry, government, Parliament and civil society. Over the coming year, we are planning further work on our existing projects, and some new work as a result of inputs received in response to our call last autumn. As Chair of the DRCF, I am pleased to present the DRCF's 2024/25 Workplan, which provides more detail on all our plans for the coming year.

Nikhil Rathi,
CEO FCA and DRCF Chair

Introduction

The DRCF brings together four UK regulators, the Competition and Markets Authority (CMA), Office of Communications (Ofcom), the Information Commissioner’s Office (ICO) and the Financial Conduct Authority (FCA) to deliver a coherent approach to digital regulation for the benefit of people and businesses online. It is a voluntary cooperation forum that facilitates engagement between the member regulators on digital policy areas of overlap and mutual interest. The key goals of the DRCF are to ensure digital regulation is co-ordinated between our member regulators so we can serve citizens and consumers better, reduce regulatory burdens for industry where appropriate, and enhance the global impact of the UK.

The importance of the DRCF’s work continues to grow. Ofcom’s online safety regime is now in place and the FCA has received additional powers to oversee critical third parties. Looking ahead, the coming year will see continued evolution of the digital regulation landscape with the Digital Markets, Competition and Consumers (DMCC) Bill and the Data Protection, Digital Information (DPDI) Bill expected to receive Royal Assent in 2024. Further, the Government has set out its “Pro-Innovation Approach to AI Regulation” that places regulators and coordination between them at its heart. In this context, cooperation between the DRCF member regulators on their existing and future digital responsibilities will remain important this year and beyond.

The DRCF is advancing new ways of coming together to support innovation. In September 2023, the DRCF secured nearly £2 million of government funding, over a two year period, to develop the DRCF AI and Digital Hub (the Hub). The Hub is due to launch soon and will operate a 12-month pilot. The Hub’s primary purpose will be to address questions from innovators that cross multiple regulator remits. The Hub will play a key role in the DRCF’s work during 2024/25 and will mark a step change in the nature of DRCF coordination and interaction with firms. By bringing together regulator knowledge to provide informal advice, it aims to provide world-leading cross-regulatory support to help innovators bring new AI and digital products safely to market.

As well as this new initiative, during 2024/25 the DRCF will build on its successes from the past year. These include continuing horizon scanning of emerging technologies, with the DRCF’s previous work on quantum having influenced recommendations for its regulation. Working together to promote responsible AI will continue to be central to the DRCF’s work programme. The DRCF member regulators will carry on their influential work in other areas, including tackling deceptive design practices and driving change to online advertising through continued collaboration on enforcement action, and collaborating on the interplay between fraudulent advertising and the online safety regime. The DRCF will continue its work on building digital capabilities and collaborating on the development and responsible adoption of supervisory technology between its member regulators.

This paper will first set out our three-year vision, followed by our 2024/25 Workplan projects. In parallel we are publishing a summary of and response to our Call for Input (Cfi).

DRCF three-year vision



Rationale for the three-year vision

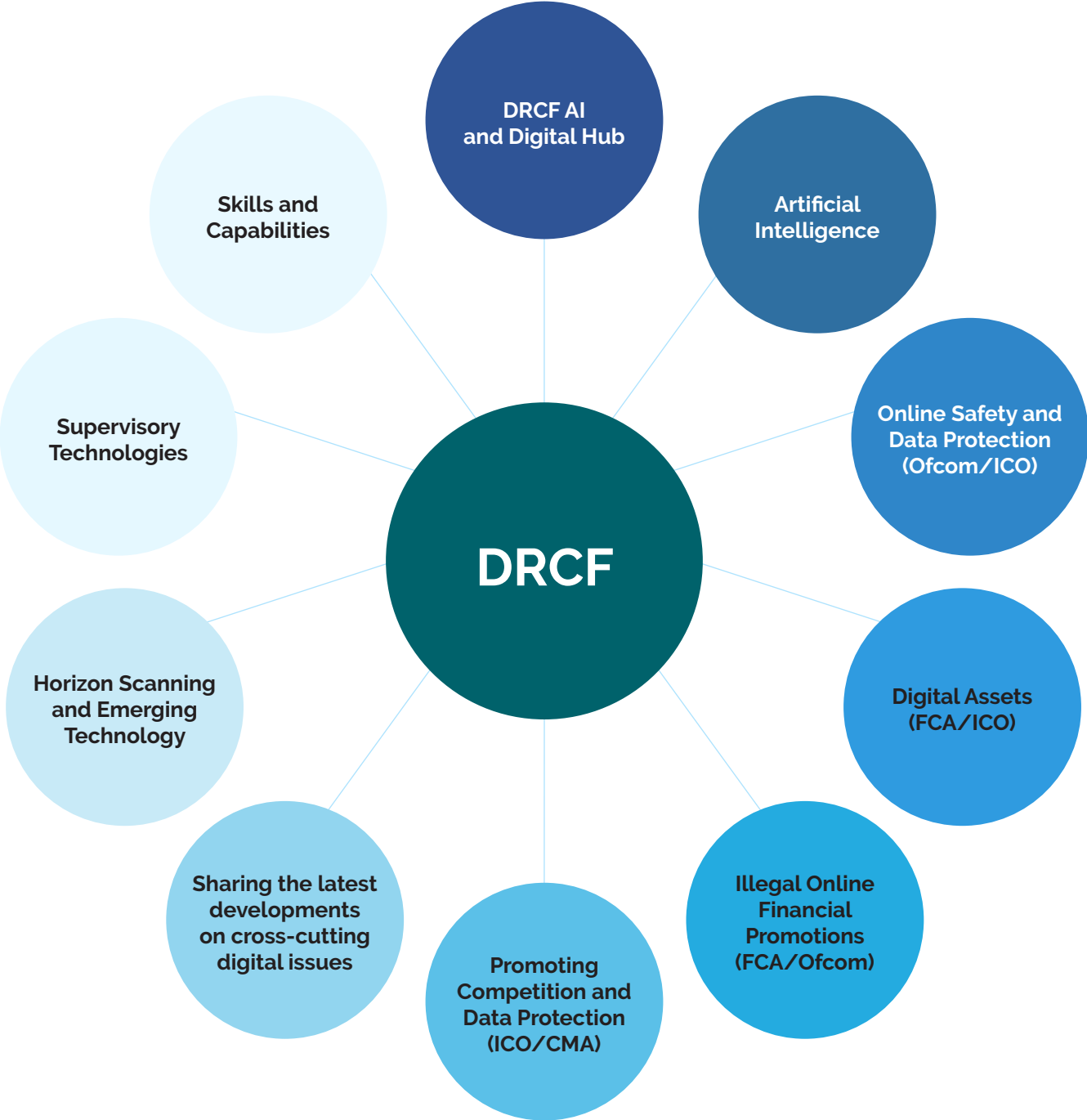
As the DRCF has matured and collaboration between its member regulators has deepened, it has become clear that cooperation will form an essential long-term element of digital regulation in the UK. Consequently, while flexibility and agility will remain essential elements of our working model, we are adopting a three-year vision for the DRCF's work. The vision will guide the longer term aims of this year's work package and those that we will develop and deliver for years 2025/26 and 2026/27.

The vision acknowledges the shared priorities of all our member regulators, to protect and empower people in their use of digital services while unlocking economic growth throughout the UK digital economy. It demonstrates how we will do so, including supporting the effectiveness of our member regulators, leading domestic and international debate on digital regulation, and jointly preparing to meet future technological change.

In adopting a three-year vision, we are acknowledging that much of our shared work has a multi-year timescale. Legislative reforms including the DMCC Bill, DPDI Bill, Online Safety Act (OSA) and Financial Services and Markets Act (FSMA) will shape much of our work moving forward. We anticipate continuing to work together on the regulation of AI over time, as both the technology and the policy landscape continue to evolve. A three-year horizon also allows us to acknowledge issues for potential future joint work. For example, in response to our recent call for input, numerous stakeholders raised the need for greater clarity on Smart Data.

As well as presenting a three-year vision, we will continue to plan our work and publish a Workplan on an annual basis. We will maintain flexibility to iterate our shared work over the course of each year, just as last year we collaborated beyond our Workplan in developing the DRCF AI and Digital Hub (see page 9) and by placing more focus on the regulation of generative AI. We look forward to embracing new challenges and opportunities in coming years.

2024/25 Workplan Projects



DRCF AI and Digital Hub

Purpose

To provide regulatory clarity and certainty to AI and digital innovators by addressing their questions that span multiple regulatory remits. This ground-breaking initiative will make it easier for new AI and digital products to be delivered safely to market, unlocking innovation and supporting economic growth.

Planned activities

During the Hub's 12-month pilot we will:

- Provide informal advice to innovators seeking responses to their complex AI and/or digital questions that cross at least two member regulators' remits.
- Publish outcomes of the queries as case studies on our website to support a greater number of innovators.
- Seek feedback from users of the Hub and evaluate the pilot's performance and improve the service offering.

Artificial Intelligence

Purpose

To promote responsible AI by working together in line with the government's AI framework and engage on a range of activities supporting prudent development of the AI auditing market.

This collaboration will improve regulatory coherence and help businesses comply with AI regulation, enabling economic growth. This in turn will make citizens' interaction with AI a positive one.

Planned activities

- Conduct joint research into consumer use, understanding and trust of generative AI. Complementary to this, conduct research to better understand cross-sector adoption of this technology by organisations.

Artificial Intelligence (continued)

- On an ongoing basis, share our knowledge and understanding of algorithmic harms.
- Host joint workshops to explore how the UK Government’s AI Principles interact within different regulatory areas and remits, with a focus this year on AI transparency and accountability.
- Share our approaches to conducting regulatory audits of AI systems, including challenges and learnings.
- Continue our research into the third-party auditing market, to help inform industry on how they can make best use of third-party auditors.
- Work with the government’s new central AI function and consider potential joint regulator capability-building projects.
- Host an AI event to connect regulators with experts, industry and civil society to raise awareness of research into responsible AI.

Online Safety and Data Protection (Ofcom/ICO)

Purpose

To continue to deliver on our commitment to ensure coherence between data protection and online safety and work together to promote compliance with both regimes.

Planned activities

- Collaborate on Ofcom’s codes of practice and guidance under the OSA to provide clarity to organisations on how to comply with online safety and data protection law.
- Cooperate on future ICO guidance on user profiling and behaviour identification safety technologies to ensure that it takes full account of online safety requirements.
- Supervision and enforcement collaboration, which will involve developing our existing working practices where appropriate within our legal frameworks, and explaining to stakeholders how and when we collaborate.

Digital Assets (FCA/ICO)

Purpose

To continue to collaborate to deepen our shared understanding of consumers' attitudes towards digital assets - including their views on the potential benefits and harms from engaging with these products - from a financial services and data protection regulation perspective.

Planned activities

- Engage with the crypto asset industry and other interested stakeholders on the regulatory insights gained from joint consumer research on digital assets.
- Work together to align future ICO guidance on data protection and distributed ledger technologies (DLT) and FCA work on Decentralised Finance (Defi) and Tokenisation.

Illegal Online Financial Promotions (FCA/Ofcom)

Purpose

To explore the interaction and ensure coherence between Ofcom's codes of practice following OSA Royal Assent, and Financial Promotions legislation. This is expected to support the FCA and Ofcom, by helping ensure overall regulation is as effective as possible in reducing the prevalence of illegal financial promotions online.

Planned activities

- Continued engagement between Ofcom and FCA as Ofcom develops its code of practice on fraudulent advertising.
- Hold a workshop following publication of Ofcom's Call for Evidence on duties impacting Categorised Services.
- Explore interaction of this work with other regulator interventions, including ICO work to scope what materials could support data sharing for scams and fraud prevention.

Promoting Competition and Data Protection (ICO/CMA)

Purpose

To promote overlapping objectives between the CMA and ICO regimes, and to pre-empt or solve any potential or perceived tensions, so that the interests of both business and consumers in the digital economy are well served.

Planned activities

- Continue to evaluate Google's compliance with its Commitments to the CMA on the Privacy Sandbox¹ to ensure that those tools are driving good competition and privacy-friendly outcomes in online advertising.
- Publish a joint statement on AI foundation models to help guide their development and use in ways that promote good competition, consumer and data protection outcomes.
- Update our 2021 joint statement on competition and data protection to consider technical, policy and legislative developments. This will set out our joint approach to issues such as data access; data sharing and interoperability; and user choice and control.
- Continue to cooperate and share expertise to support ICO and CMA supervisory and investigation activities, with collaboration in areas such as (but not limited to) online advertising, mobile ecosystems, and cloud.

Sharing the latest developments on cross-cutting digital issues

Purpose

To share knowledge on areas of shared interest across member regulators. Although the outputs of these groups tend to be internal only, they also provide opportunities for teams to scope the possibility of more formal future projects.

Planned activities

- Strengthen our regulatory ties in online choice architecture, online advertising and Privacy Enhancing Technologies (PETs).

¹ Investigation into Google's 'Privacy Sandbox' browser changes, <https://www.gov.uk/cma-cases/investigation-into-googles-privacy-sandbox-browser-changes>

Sharing the latest developments on cross-cutting digital issues (continued)

- Continue to scope new areas of interest and overlap to become a part of our work during the year.

Horizon Scanning and Emerging Technology

Purpose

To augment the horizon scanning functions of the four member regulators to enable each (individually and collectively) to better plan for the impact of technological innovation and flag possible regulatory risks and opportunities to industry and policymakers. By anticipating future developments, our member regulators will be more agile to implement regulatory changes and therefore will deliver better outcomes for the public more quickly.

Planned activities

- Conduct and publish research on the future of digital identity, which has the potential to impact all DRCF members' regulatory remits.
- Conduct and publish research on deepfakes following engagement with stakeholders.
- Revisit previous horizon-scanning topics and update our findings where appropriate, starting with our report on quantum computing.

Supervisory Technologies

Purpose

To contribute to the responsible adoption of AI by DRCF member regulators and explore opportunities to collaborate in the development and implementation of technologies to assist regulatory functions. Such technologies have potential to improve the productivity and effectiveness of all our member regulators.

Supervisory Technologies (continued)

Planned activities

- Exchange information regarding member regulators' use of machine learning and AI, sharing best practices and lessons learnt.
- Explore potential challenges and opportunities regarding how Large Language Model technology (LLMs) can be used responsibly to address complex regulatory issues.

Skills and Capabilities

Purpose

To continue to build DRCF member regulators' digital capabilities, supporting their effectiveness.

Planned activities

- Promote joint learning and development opportunities for staff in all our member regulators.
- Embed pathways for graduate placements and staff secondments between our member regulators.
- Support our member regulators' work to promote diverse recruitment into data and tech professions within the DRCF member regulators.
- Help our member regulators upskill to meet their responsibilities for AI governance.

DRCF approach to engagement

The DRCF will continue to be at the forefront of domestic and international digital regulation conversations. We will continue to work closely with a wide range of stakeholders outside the DRCF, including industry, both through trade associations and directly with technology companies. This is essential to raising understanding of the interplay between regulatory remits, gathering inputs and insights to inform our thinking, and amplifying project impacts and outcomes.

The DRCF member regulators are aware that some large companies, which play a key role in digital markets, are affected by all their regulatory remits. The DRCF has an essential role to play in ensuring that regulation of these large companies is coherent, effective and efficient. During the coming year, we will deepen collaboration between our member regulators in regard to these large companies, sharing information and insights where appropriate in support of effective regulation.

The DRCF will continue regular engagement with government and parliamentary stakeholders, as well as building relationships in the devolved nations. It will facilitate sharing of digital regulatory experience among a wider group of regulators, including continuing to host our quarterly regulator roundtables attended by 11 non-member regulators.

This year we will boost our international engagement efforts, including by building on the International Network for Digital Regulation Cooperation. The network, established in 2023, acts as a forum for coordinating bodies, similar to the DRCF, that have been established in other jurisdictions. The network aims to share insights on approaches to regulatory coherence and cooperation.

DRCF impact and how to get in touch

Where possible, we will identify and measure the DRCF's impact. This will be achieved by gathering insights and data throughout the year. We are keen to capture insights on the impact of the DRCF's work for consumers, businesses and wider society, as well as to understand the wider value we provide to member regulators. We will do this by collating references to the DRCF in public documents such as business publications, academic literature and the UK press, recording the scale of our engagement with parliamentarians, industry representatives and others, and surveying internal regulator teams to understand the value of the DRCF's work for them.

We will also take advantage of this year's pilot of the DRCF AI and Digital Hub to gather feedback from supported firms. In gathering this feedback directly, we will learn more about the value provided by our support and start building a longer-term picture of the Hub's impact, to better understand how we are helping to shape innovation in UK digital markets and more generally further the DRCF's understanding of digital markets.

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We are keen to hear from you about the impact of the DRCF's work: please contact drcf@ofcom.org.uk

We're also eager to keep stakeholders informed of our ongoing work. We now publish a DRCF bi-monthly newsletter: please contact the above email address to be added to the distribution list.

You are welcome to follow our [LinkedIn page](#), and you can visit [our website here](#).

