

Rt Hon Keir Starmer MP
Prime Minister

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer

Rt Hon Jonathan Reynolds MP
Secretary of State for Business and Trade

Our reference: ICO/O/JE/L/RTL/0758

16 January 2025

Dear Prime Minister, Chancellor, and Secretary of State,

Thank you for your letter of 24 December. I welcome the opportunity to set out the Information Commissioner's Office's (ICO) continuing commitment to promoting sustainable economic growth and encouraging international trade and investment across the United Kingdom, building upon our [strong track record in this area](#).

At 7.4 per cent of GDP, the UK data economy is larger as a fraction of the total economy than any European country except Estonia. Its continued growth depends on strong information rights, ensuring public trust and consumer confidence, and offering businesses security and certainty upon which to build for the future.

From Meta to Microsoft, multinational tech firms are already rolling out products in the UK ahead of the EU due to the more predictable and pragmatic regulatory environment we offer. To build on this, I am making the following commitments to drive confidence in the UK as an attractive place to launch and invest in innovative projects and businesses that will grow the economy.

1/ Giving businesses regulatory certainty on AI

Artificial intelligence (AI) has the potential to add £47bn to the UK economy each year. But regulatory uncertainty risks being a barrier to businesses investing in and adopting transformational technology.

We will produce a single set of rules for those developing or using AI products, to make it easier for them to innovate and invest responsibly while safeguarding people's information rights. We would support the government in legislating for such rules to become a statutory Code of Practice on AI, to provide further regulatory certainty to businesses wanting to invest in AI in the UK.

We support businesses and innovators to navigate the UK's regulatory landscape in their development and deployment of new technologies. We will progress our pipeline of new and refreshed innovation-focused guidance, including on neurotech, cloud computing, and Internet of Things (IoT) devices. We will also support government in the rollout of AI across the public sector, to encourage public trust in these new technologies, and drive improved efficiency and productivity in public services.

2/ Cutting costs for small and medium-sized enterprises (SMEs)

We know that SMEs can find it hard to navigate the digital regulatory landscape. Our digital content and Business Advice Services already help tens of thousands of businesses each month. We are working to enhance these further through improving navigation and user experience, and introducing more personalised and interactive content, including looking at ways we can use generative AI to create tailored advice for businesses.

We will launch a Data Essentials training and assurance programme for SMEs during 2025/26. This will reduce costs to businesses (with a target of £9.1m savings to businesses over 3 years), increase customer trust, and grow SMEs' confidence in using personal data responsibly, to grow their businesses.

3/ Enabling more innovation through our Regulatory Sandbox and Innovation Advice services

From homegrown tech talent like Yoti, through to multinationals such as Meta, our Regulatory Sandbox and Innovation Advice services have supported businesses to innovate with confidence for the last five years – to the benefit of the whole economy as outcomes are rolled out across sectors.

We will seek to implement an experimentation regime to give businesses a time-limited derogation from specific regulatory requirements to test their new ideas, under strict governance controls supervised by the ICO. Findings from such experiments could be used to inform future regulatory reforms, ensuring that data protection law keeps pace with technology.

Such experimentation regimes already exist in Japan and South Korea and are a recommendation of the AI Opportunities Action Plan. We would support the government in legislating for such an experimentation regime to encourage innovation, investment and continuous regulatory improvement in the UK.

We welcome the establishment of the Regulatory Innovation Office (RIO) and commit to working closely with it on its aims of reducing red tape and speeding up access to new technologies.

4/ Unlocking privacy-preserving online advertising

Digital advertising contributes £129bn of gross value added (GVA) per year to the UK economy. It enables businesses to reach new customers and markets and helps fund the digital economy, including the great online content, products and services we all enjoy today. However, there are aspects of the digital advertising regulatory landscape that businesses find difficult or burdensome to navigate.

We will review where Privacy and Electronic Communications Regulations (PECR) consent requirements are preventing an industry-wide shift towards more privacy-friendly forms of online advertising, such as contextual models, and publish a statement outlining low-risk processing purposes (such as privacy-preserving ad measurement) which are unlikely to result in damage or distress or be a priority for enforcement action by the ICO.

This will enable publishers to more easily deploy privacy-friendly forms of online advertising: reducing the burden on both businesses and customers alike. We would support the government in introducing secondary legislation to remove such consent requirements following the passage of the Data (Use and Access) Bill ('the DUA Bill').

We will also publish our public facing online tracking strategy, to set out our approach to regulating digital advertising. This will complement our growing pipeline of guidance in this area, including on “consent or pay” service access models, recognising the online publishing industry’s increased reliance on these models to ensure the economic viability of their services.

5/ Making it quicker and easier to transfer data internationally

International transfers of data underpin around 40 per cent of UK exports and 20 per cent of imports. These flows of data provide UK businesses with access to new markets and partners which can boost trade and drive innovation, investment, competition and growth.

To facilitate this, we will publish new and updated guidance on international data transfers, making it quicker and easier for businesses to transfer data safely. We will work through international fora, including the G7 and the Global Privacy Assembly, to build international agreement on increasing mechanisms for trusted free flows of data, and we will work with government to review adequacy assessments for key trading partners.

These commitments complement our existing and evolving suite of products and services that support international data transfers. These include the [UK binding corporate rules \(BCR\) addendum](#), which has transformed the process for approving BCR applications and made it faster and more efficient for businesses to transfer data.

6/ Cutting the cost of engaging with multiple regulators

Engaging with multiple digital regulators is prohibitively resource-intensive for all but the largest firms. Companies often have to navigate complex interactions between regulatory regimes to ensure they remain legally compliant on multiple fronts.

To address this, we will continue to work with the UK’s other digital regulators, including through the Digital Regulation Cooperation Forum (DRCF). We would support the government in simplifying legislation on information-sharing between regulators, to promote the efficiency of regulation and ease the burden on digital industry.

With our DRCF partners, we are delivering the [AI and Digital Hub](#), which provides joined-up advice to businesses: reducing the compliance burden and encouraging innovation and investment. If desired, the government could invest in continuation of this service beyond its current pilot, which is due to end this year.

Beyond DRCF we will continue to support the development of the AI Safety Institute (AISI), as set out in the AI Opportunities Action Plan. We will also continue to support the introduction of smart data schemes, which enhance competition and growth by helping customers port their data between services - starting with the rollout of Open Finance with the FCA.

7/ Working in partnership with government

In addition to these commitments there are a number of important areas of intersection between my remit and government that will foster growth and investment.

- A programme of legislative reform is being undertaken that has a direct impact on the ICO's remit, including the DUA Bill. The provisions in this Bill will enable the ICO to continue to be a modern agile regulator. We will produce guidance after the passage of the Bill to give businesses continued clarity and certainty.
- Plans for the National Data Library have the potential to unlock the power of data, while plans to create a data-rich experimentation environment for AI development announced in the AI Opportunities Action Plan could turbocharge technological development. The ICO looks forward to working with government on facilitating safe and responsible data-sharing to produce better outcomes across all sectors of the economy.
- Security and protection from cyber-attacks is fundamental to businesses and giving them confidence to grow. The Cyber Security and Resilience Bill will expand the scope of regulation to protect more digital services and supply chains. Enabled by the Bill, the ICO will take a bigger role in ensuring the UK's critical assets are protected from cyber-attacks, helping businesses we regulate under the Network and Information Systems (NIS) Regulations take effective, proportionate and risk-based protective action.

Conclusion

We have robust processes in place to [measure our impacts](#) and report on our contributions to economic growth, as demonstrated in our previous submissions to DBT and publications including our [Enabling Businesses](#) report.

My team and I look forward to engaging with officials further on the details of our commitments above and the other work we are undertaking to unlock the power of data to drive growth and innovation.

Yours sincerely,



John Edwards
UK Information Commissioner