

Government sets out approach to regulating AI

AT A GLANCE

April 2023

What's new?

- The Department for Science, Innovation & Technology (DSIT) published a [white paper](#) (WP) detailing its cross-sectoral plans for regulating artificial intelligence (AI) on 29 March 2023.
- The WP builds on the [National AI Strategy](#), a [policy paper](#) published on 20 July 2022 and responses from over 130 stakeholders. It reaffirms the Government's intention to establish a principles-based framework and the importance of assurance tools and standards. The WP sets out in more detail how this framework will be implemented by the regulators and monitored by Government.

What does this mean?

Benefits, risks and new framework

- DSIT highlights that AI has significant potential to transform society and the economy. It also recognises that AI poses some risks which need to be managed including to safety, security, fairness, privacy, human rights and societal well-being.
- The proposed framework aims to mitigate these high-level risks with proportionate interventions to drive growth, improve public trust and strengthen the UK's global leading role in AI.
- It will be based on the adoption of a high level definition of AI (capturing services and products that are 'adaptable' and 'autonomous'), a context-specific approach, cross-sectoral principles for AI governance, and delivering central functions to support coherent regulation.

Principles and regulators' role

- DSIT expects to introduce a statutory duty requiring regulators to have due regard to the principles. Initially, regulators will

have the discretion to apply the five following principles, enabling them to prioritise based on their sector's specific needs:

- safety, security, robustness
- appropriate transparency and explainability
- fairness
- accountability and governance
- contestability and redress.

Assurance techniques and standards

- The WP emphasises the importance of assurance techniques and standards in fostering responsible AI adoption and supporting the proposed framework. The launch of a portfolio of AI assurance by DSIT techniques in spring 2023 - in addition to the existing work of the UK AI Standards Hub - will support the promotion and adoption of trustworthy AI assurance tools and good practices.
- DSIT proposes a layered approach to AI technical standards, aiming to integrate AI regulation principles into business processes:
 - Layer 1: sector-agnostic standards for consistency and common foundations.

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- Layer 2: standards addressing specific issues like bias and transparency which could be used, for example, to mitigate the biases in financial services (credit scoring) and HR practices.
- Layer 3: adoption of sector-specific technical standards to support compliance and performance measures.
- Firms should leverage data and ethics frameworks, including [responsible AI toolkits](#), to develop company-wide strategies that align with the proposed regulatory regime.
- Firms need to put in place the resources and processes needed to engage with sectoral regulators, as they will play a central role in how the principles are operationalised and with what tools (i.e. statutory and non statutory interventions).

Framework oversight

- DSIT will set up a central function for overseeing and assessing the implementation of the framework by sectoral regulators.

International cooperation

- The Government will work closely with international partners to both learn from, and influence, regulatory and non-regulatory developments. Examples of international engagement include participation in the OECD, Global Partnership on AI, G7, Council of Europe, UNESCO and global standards development organisations.
- FS regulators have already consulted the industry on the existing regulation in their [discussion paper](#) published on 11 October 2022. They will incorporate this new framework in their engagement with industry on AI, and any upcoming consultations.
- As international engagement and standards will be essential in supporting DSIT's approach, firms should monitor the work of international forums and standards organisations. Firms should also monitor and understand legislative developments in other jurisdictions including the EU, the USA and China.

What does this mean for firms?

- Firms need to review their current governance policies and control frameworks holistically based on the five core principles that underpin this new framework.

Next steps

The WP is open for comments until 21 June 2023. DSIT will publish an AI regulation roadmap in the next six months, alongside the Government's response to the consultation.

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