

## How UK Digital Regulation Under Labour May Differ From EU

By **Joanna Conway, Katherine Eyres and Piyush Goraniya** (October 4, 2024)

The King's Speech, delivered to Parliament on July 17, opened the first session of the Labour government after the general election.[1] Here we highlight the key proposed **new regulations** in the areas of internet, data and cyber regulation in the U.K.

Detail is limited at this point in time, although there are early indications of the direction the new government is taking.



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### Digital Information and Smart Data Bill

The government has proposed the Digital Information and Smart Data Bill, or DISD, which replaces the previously proposed Data Protection and Digital Information Bill, or DPDI, introducing a variety of provisions that range from digital identity to data protection.

Most notably, the proposal includes a new data preservation process with specific relevance to online safety. This has been raised in the context of the ongoing implementation of the U.K.'s Online Safety Act by Ofcom, the U.K.'s online safety regulator, as well as a framework to set up smart data schemes.



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The DISD Bill reforms the current U.K. data protection regime and in some areas will diverge from the European Union General Data Protection Regulation, e.g., regarding processing for research purposes, other substantive provisions, and the role and functions of the U.K. regulator, the Information Commissioner's Office.



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For some aspects, this may give greater clarity or in fact raise the bar in terms of data protection compliance, but in others, the regulatory compliance burden on organizations may be lessened.

The government will therefore need to walk a fine line to ensure that the U.K.'s reformed regime will not be seen to be too light a touch on data protection, such that it could put the European Commission's adequacy decision, which allows personal data to pass freely from the EU to the U.K., at risk.

The DISD Bill aims to provide economic growth by using the power of data to accelerate investment and innovation. One of the examples provided in the King's Speech was to help scientists make better use of data as part of their research.

### Cyber Security and Resilience Bill

The Cyber Security and Resilience Bill was proposed in response to the increasing frequency and severity of cyberattacks affecting entities in critical sections and their supply chains.

The bill aims to address existing vulnerabilities and strengthen the U.K.'s defense against cyber threats by expanding the scope of the current cyber regulations, empowering regulators and increasing reporting requirements.

In the EU, by comparison, the Network and Information Security Directive, or NIS, is being superseded by NIS 2. Having left the EU, the U.K. will not be implementing NIS 2, which entered into force on Jan. 16, 2023, and should be brought into national law by EU member states by Oct. 17. Note that being a directive and not a regulation, it needs to be enacted by way of specific enacting legislation in each EU member state.

The recent draft implementing regulation, which will apply to entities such as cloud computing service providers, data center providers, providers of online marketplaces, search engines and social network platforms, sets out technical and methodological requirements for risk management measures and the criteria for when an incident can be considered significant for those entities.

The Cyber Security and Resilience Bill will provide updates to expand the remit to offer better protection to supply chains and digital services more widely. Furthermore, it will allow regulators to take a stronger stance on enforcing cyber safety measures and ensure the framework is being implemented.

Further detail has recently been released on the proposed reclassification of data centers as so-called critical national infrastructure, meaning data centers will need to comply with higher security standards and be subject to more stringent government oversight.[2]

This is alongside increased investment in data center infrastructure. Benefits for consumers should mean NHS, financial and personal smartphone data will be safer from cyberattacks, environmental disasters and IT blackouts.

There may also be wider resulting effects for all businesses when evaluating third-party and internal hosting locations if the U.K. establishes itself as a leader in secure and stable data centers.

### **Product Safety and Metrology Bill**

Through the introduction of a new bill, the U.K. is now aiming to modernize its mainly EU-derived product safety and metrology framework, by addressing safety issues arising in the modern age and dealing with future threats to ensure the supply of safe goods is maintained with high product safety.

This bill aims to preserve the U.K.'s status as a global leader in product regulation and to ensure a level playing field between high street and online marketplaces. It also pledges to support businesses and foster innovation while protecting consumers.

The aim of the bill here is to ensure regulation is keeping pace with new product risks and opportunities, for example artificial intelligence, electronic bikes and lithium-ion batteries. In addition, regulation here will help better identify new and emerging business models as

regulators attempt to increase agility and be more closely connected to industry.

This should increase consumer protections, which would in turn have a positive impact on consumer confidence. Lastly, the bill should help enable improvements to compliance and enforcement against a backdrop of increasingly complex modern digital borders.

## **Artificial Intelligence**

The government has not committed to introducing AI-specific legislation in this parliamentary session, but the government has indicated that its priority is to specifically regulate the developers of the most powerful AI models. The U.K. at present has an AI Regulation Framework that draws on existing laws and regulations.

By comparison, the EU has already brought into force, as of Aug. 1, its widely publicized Artificial Intelligence Act, which establishes a regulatory and legal framework for the use of AI models and systems within the EU.

## **Practical Takeaways**

The reforms proposed in the King's Speech are still taking shape, and we shall be keeping a close eye on each draft bill as it makes its journey through the legislative process. Businesses should be prepared to:

- Monitor developments and maintain oversight to ensure updated compliance requirements are met;
- Be ready to capitalize on any new opportunities that may arise for innovation and investment; and
- Consider advance planning for effects on business processes and transformation, change management and other areas, including global businesses that may need to implement divergent U.K.-specific regulatory requirements.

The regulations will evolve in time, but for now it is very much a watch-and-see situation.

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[1] <https://www.gov.uk/government/speeches/the-kings-speech-2024>.

[2] <https://www.gov.uk/government/news/data-centres-to-be-given-massive-boost-and-protections-from-cyber-criminals-and-it-blackouts>.