

Rt Hon Keir Starmer MP,  
Prime Minister

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer

Rt Hon Peter Kyle MP  
Secretary of State for Business and Trade

Our ref: ICO/RLPM/PA/20260130/economic growth update (by email)

30 January 2026

Dear Prime Minister, Chancellor, and Secretary of State,

In January 2025, the Information Commissioner set out five new initiatives confirming how the ICO would support the government's ambition for sustainable economic growth. One year on, I am pleased to provide an update on our progress.

Our long-standing work as a regulator to enable economic growth continues to be shaped by three principles, all informing our core remit to appropriately protect people. We continue to:

- Maximise clarity - helping organisations understand what the law enables so they can innovate confidently and avoid unnecessary risk aversion.
- Reduce friction - removing unnecessary regulatory burdens and costs.
- Build public trust in the responsible use of data - increasing safe adoption of new and emerging technologies.

Guided by these principles, our Enabling Businesses in the UK Economy report estimates that the ICO has generated around £233 million of economic value for UK businesses over five years. With the data economy representing 7.4% of GDP, our shared challenge is to ensure the UK continues to be a place where responsible data-driven innovation commands public trust so it can scale and compete globally.

Our five January 2025 commitments under the government's Regulatory Action Plan are central to this work:

## **1/ Giving businesses regulatory certainty on AI**

We committed to producing a single set of rules for developing or using AI products. The ICO worked closely with government on scope and timelines for the required secondary legislation to enable the rules to become a statutory code of practice. The new code will focus on the use of AI and automated decision-making and will build on our current [non-statutory guidance on AI and biometrics](#). With our innovation services, and a rolling programme of proactive stakeholder engagement, the code will make the UK the destination of choice for AI developers looking to test ideas before entering the European market.

## **2/ Cutting costs for small and medium-sized enterprises**

Our expanded data essentials training and assurance platform will empower SMEs to use personal data with confidence, unlocking growth by avoiding unnecessary risk aversion, building customer trust, and reducing compliance burdens. The new platform launches Spring 2026.

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

We committed to seeking to implement an experimentation regime to give businesses a time-limited derogation from specific regulatory requirements to test their new ideas. The ICO has secured funding from the Regulatory Innovation Office (RIO) for feasibility and design work. This will identify enhancements to our existing sandbox and present options for legislative change for government to explore further that could allow organisations to unlock real-world testing of emerging technologies, which is currently not permissible under data protection rules. Reports covering the outcomes of our research into the potential economic impact and levels of demand for the service, and a citizens' jury looking into the public's views and expectations are expected by mid-February, with the remainder of our work timed to inform the government's AI Growth Lab proposals.

## **4/ Unlocking privacy-preserving online advertising**

We committed to reviewing where Privacy and Electronic Communications Regulations (PECR) consent requirements were preventing privacy-preserving advertising. We are analysing low-risk online advertising activities that could be delivered without consent under PECR. This will support growth in the advertising sector and provide opportunities for innovation in new privacy-friendly advertising products and services, while

protecting user's rights and freedoms. We will provide our evidence base to government in the spring as it considers using its new Regulation 6A power in PECR to add new exception(s) to the consent requirements.

## **5/ Making it quicker and easier to transfer data internationally**

We published our [new guidance](#) on international data transfers in January 2026 and we are providing further support to organisations. These data transfers underpin 40% of UK exports and are fundamental to frictionless trade across borders. The updated guidance clearly sets out key requirements, reduces complexity, and supports the responsible transfer of personal information—creating a more proportionate and risk-based regime.

## **Looking ahead**

The Data (Use and Access) Act 2025 has strengthened our role in further promoting innovation and competition. As we develop our new corporate strategy, our economic growth principles will remain central to our work as we build on our impact during 2026 by:

- Providing further clarity on what the law enables, including new guidance on purpose limitation, codes of conduct and data protection by design.
- Increasing transparency and predictability through updated procedural guidance on our regulatory and enforcement approach, supporting responsible organisations to act with confidence.
- Working with our Digital Regulation Cooperation Forum partners to develop a prototype digital library making it easier for innovators to navigate regulatory requirements across the digital landscape.

We look forward to continuing to work closely with you to support a growing, competitive and trusted data driven economy.

Yours sincerely



Paul Arnold MBE

**Chief Executive Officer- Information Commissioner's Office**