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**FRANCHISING IN THE AGE OF AI: UNDERSTANDING THE REGULATORY
FRAMEWORK IN THE UK**

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The UK's AI Regulation Landscape



- Initial Approach:
 - *AI White Paper* (2023) — a non-statutory, principles-based framework
 - 5 key AI principles:
 1. Safety
 2. Transparency
 3. Fairness
 4. Accountability
 5. Redress
- Designed to support innovation while managing risks

Shifting Government Approaches

- Private Members' AI Bill (2023, reintroduced 2025):
 - Proposes AI Authority & codified principles
- Labour Government (2024–):
 - Indicates stronger regulation
 - Delays draft AI Bill to align with US
- Focus of current AI Opportunities Action Plan (2025):
 - Innovation over regulation

UK v EU

- EU AI Act (2024):
 - Risk-based, binding regulation with strict enforcement
 - Includes penalties, centralised oversight, and mandatory compliance for high-risk AI
- UK Approach:
 - Lighter, sector-led, less enforceable
 - Prioritises flexibility, but risks inconsistency and weaker consumer protection
- Franchising Impact:
 - UK's current model supports AI innovation (e.g. in recruitment, customer service)
 - Lack of statutory clarity = legal uncertainty
 - Future legislation could bring clarity but increase compliance duties