Regulatory Outlook

Welcome to the Regulatory Outlook, providing you with high-level summaries of important forthcoming regulatory developments to help you navigate the fast-moving business compliance landscape in the UK.

The spotlight development this month is that the Terrorism (Protection of Premises) Act 2025, also known as "Martyn's Law"' received Royal Assent on 3 April 2025, and is expected to come into effect following a transition period, giving businesses two years to prepare. The Act is intended to ensure that public venues are better prepared in the event of terrorist attack, with enhanced duties for larger venues. See the Health and safety section for more details.

April 2025

Contents

Advertising and marketing

Advertising and marketing

Changes to advertising codes reflecting DMCCA unfair commercial practices provisions come into effect

On 7 April 2025, the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) published a regulatory statement setting out various changes made to the advertising codes following a consultation on aligning them with the unfair commercial practices (UCPs) provisions in the Digital Markets, Competition and Consumers Act 2024 (DMCCA) (see this Insight). The changes to the codes came into force immediately.

Previously, the adverting codes reflected the Consumer Protection form Unfair Trading Regulations 2008 (CPUT). The DMCCA UCPs provisions, which came into effect on 6 April 2025, revoked and restated CPUT, but with some additions (see this Insight). Although the legal framework around misleading advertising has therefore remained largely the same, changes have been made to the legislative wording, definitions and structure. The new legislation also now includes a new set of commercial practices that are in all circumstances considered unfair. The amendments to the codes that the Committees have now introduced reflect these changes.

CAP has previously said that when considering potential breaches of the codes, the Advertising Standards Authority (ASA) will have regard to the Competition and Markets Authority's (CMA) UCPs guidance, which was published ahead of the UCPs provisions coming into effect – see the Consumer section for more details. CAP recommends that advertisers refer to this guidance and take legal advice where appropriate to aid their understanding of the new legislation.

HFSS: government clarifies how advertising restrictions will apply to brand advertising

The government has published a statement on the implementation of advertising restrictions for "less healthy" food and drink products, also known as products high in fat, salt or sugar (HFSS), on TV and online. The restrictions (embodied in the Advertising (Less Healthy Food Definitions and Exemptions) Regulations 2024) will come into force on 1 October 2025, and the government has already published guidance on them (see this Insight). The new statement clarifies that, in the government's view, "pure brand advertising" is not covered by these restrictions.

This is because the legislation only restricts adverts that could reasonably be considered as promoting identifiable less healthy products, and not those that could be reasonably understood to be advertising just the brands. The government expects that businesses will still have an opportunity to promote their brands, as long as their ads do not identify HFSS products. For example, brands could promote their non-product attributes, such as corporate social responsibility efforts or customer experience, or advertise the healthier options in their range. The government believes that just associating a brand with less healthy products will not automatically make an advert fall under these restrictions.

The clarification follows CAP's additional consultation on the new implementation guidance (see this Regulatory Outlook). Following the initial consultation process, draft guidance was amended to state that the "restrictions can also apply to advertising that *does not* explicitly depict or directly refer to a specific less healthy product, if people in the UK could reasonably be expected to identify the advertisement as being for an identifiable less healthy product."

The ASA will now finalise the guidance, which is expected "later in the Spring".

UK regulators publish enforcement notice on ads for prescription-only medicines for weight management

The ASA, together with the Medicines and Healthcare products Regulatory Agency and the General Pharmaceutical Council, have published an enforcement notice, concerning the advertising of prescription-only medicines (POMs) for weight management. The regulators remind advertisers that POMs cannot be advertised to the public and urge them to review their ads in light of the guidance provided in the enforcement notice.

The ASA says that it has launched 12 investigations into whether ads are promoting weight-loss POMs, and highlights that the majority of issues are caused by online ads. It will publish formal rulings once those investigations are complete, and the enforcement notice will also be updated.

ASA explores the key advertising concerns of the UK public

The ASA has published a series of research reports on "Understanding Advertising", based on a UK-wide survey looking into the advertising-related issues people are concerned about. The series comprises three reports, exploring:

1. Context and concerns: this report aims to understand people's priority concerns and found that the availability of healthcare services, the cost of the weekly shop/household bills, and concerns around climate change came out on top. The media landscape ranked much lower, with only 6% of respondents naming it as one of their top three concerns.

2. Portrayal and imagery: this report focuses on how people are represented in advertising. It found significant concern about the depiction of women and girls in ads, including idealised body images and the objectification of women and girls. Violent and distressing images also ranked highly.
3. Misleadingness: this report found that more than half of respondents were concerned about misleading customer reviews and ratings, ads that mislead by omitting significant information, misleading descriptions or deceptive images, and misleading environmental claims.

BCAP updates code to clarify scope of restrictions on broadcasting ads for unregulated investments

Following public consultation BCAP has amended rule 14 of the BCAP code to clarify the scope of the rules on restricting the broadcast of ads for certain types of financial products to specialised financial channels, stations and programming only. See this Regulatory Outlook for details. As set out in the consultation, the amendment clarifies that the restriction in rule 14.5 applies to unregulated investment products only.

Welsh regulations restricting promotion of HFSS products by location and price come into effect

See Food law section.

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Chloe Deng, Associate Director
T: +44 20 7105 7188
chloe.deng@osborneclarke.com

Anna Williams, Partner
T: +44 20 7105 7174
anna.williams@osborneclarke.com

Artificial Intelligence

Artificial Intelligence

UK updates

11,500 responses to the copyright and AI consultation

The ministers responsible for technology and for the creative sector (respectively) have responded to a joint letter about the consultation on AI and copyright, sent from the heads of the Parliamentary committees responsible for their respective departments. (See this Insight for background on the consultation.)

Due to a volume of responses (over 11,500) the ministers say that they cannot give a timeline for next steps, but they intend to publish their response and a summary of responses "in due course". The officials are also drawing up plans to set up technical working groups with stakeholders to take forward proposals on transparency, technical solutions and standards.

They reiterated that no decision has yet been taken on the final policy and that if there were to be legislation to introduce a text and data mining exception from copyright law, they would not proceed with it unless there were "workable technical solutions in place for rights reservations". The letter states that the government intends to take forward proposals that "properly support both sectors".

There has been much heated debate on this controversial area of law, and it is as yet unclear how the government intends to balance the various competing narratives.

ICO and the CMA publish joint statement on AI foundation models

The statement follows the regulators' existing work on the topic, including the Competition and Markets Authority's (CMA) review of AI foundation models (FMs) and the Information Commissioner's Office's (ICO) series of consultations on generative AI and data protection (see this Insight). The ICO and CMA do not have any view on whether open source or closed source FMs are inherently preferable from a regulatory point of view. Each can be compliant, just with different areas of focus and different safeguards and mitigations to be considered. For example:

- For open-access FMs trained on personal data, the risk of losing control of downstream use of the model should be considered. The developers may consider use of contractual/licence terms as a means of control.
- For closed-access FMs trained on personal data, developers may rely on the possibility of using technical measures to control down-stream development and deployments, for example application programming interfaces (APIs).

The regulators highlight the importance of transparency with downstream developers or deployers for both open and closed-access models so that they can make informed decisions and ensure they are compliant. They also reference their 2021 joint statement relating to digital markets as still having relevance.

EU updates

Commission launches AI Continent Action Plan and consultations

The EU Commission has published its AI Continent Action Plan, which aims to make the EU a global leader in AI. The plan is based on five pillars: regulatory simplification, computing and data infrastructure, data access, AI uptake in key sectors and AI skills. Ideas include AI Factories, AI Gigafactories, Data Labs, an AI Act Service Desk and AI Regulatory Sandboxes. As part of the plan, the Commission:

- Launched a consultation on the Apply AI Strategy, aimed at boosting use of AI in the EU, that it plans to launch later this year. It will include seeking feedback on the challenges organisations are facing in navigating the EU AI Act, which will inform the EU's plans to simplify AI and digital regulation.
- Launched a consultation seeking views on the proposed Cloud and AI Development Act, which will deal with policy around cloud and edge computing infrastructure in the light of AI compute requirements. Both consultations close on **4 June 2025**.
- Plans a consultation in May on its Data Union Strategy.
- Published a call for interest in AI Gigafactories.

The plan is ambitious, and echoes the UK's AI Opportunities Action Plan.

European Commission consults on GPAI guidelines

The EU Commission has published draft guidelines on the interpretation of aspects of the EU AI Act relevant to general-purpose AI (GPAI) models. The guidelines take the EU AI Act recitals as a starting point and then suggest how the AI Office is interpreting them. They cover a range of concepts including:

- When is an AI model/system "general-purpose"?
- When are changes to a model sufficient for a GPAI to count as a separate model, as distinct to merely being a version of the existing model? (Interestingly, the AI Office is looking at the amount of compute which is used to create the modified model as being a key factor – if it takes more than a third of the compute that was needed to train the original, there is to be a presumption that it is a separate new AI model.)
- Which entity is the "provider" of a GPAI model in various situations, for example, where a model is modified or fine-tuned by a downstream entity, or integrated into a third-party product?
- What counts as "placing on the market" for GPAI? (This is quite wide, encompassing provision of the model via APIs and via cloud computing services, integration into a chatbot, or into the provider's other services.)
- Characteristics of the terms on which a GPAI model is provided that will allow it to benefit from the exemptions for open-source releases.
- Benefits of signing up to the GPAI Code of Practice (once drafted).

The guidelines are in the form of a consultation which closes on **22 May 2025**. The AI Office is looking for input from providers of GPAI models, downstream providers, civil society, academia, other experts, and public authorities.

The Commission guidelines and the final GPAI code of practice are expected to be published in May or June 2025. The Commission will also soon launch a targeted consultation on the classification of AI systems as high-risk.

EDPB publishes report on data protection risks of LLMs

The European Data Protection Board (EDPB) has published a report providing practical guidance and tools for developers and users of large language model (LLM) based AI systems. It aims to help them identify, assess and mitigate privacy and data protection risks associated with these technologies and offers practical mitigation measures for common privacy risks in these systems.

The report also provides three use cases on the application of the risk management framework in real-world scenarios, which illustrate how risks can be identified, assessed and mitigated:

1. A virtual assistant (chatbot) for customer queries.
2. A system for monitoring and supporting student progress.
3. An AI assistant for travel and schedule management.

The document, which has been prepared by an external expert, also offers useful lists of LLM benchmarks and further sources of guidance.

John Buyers, Partner
T: +44 20 7105 7105
john.buyers@osborneclarke.com

Thomas Stables, Associate
T: +44 20 7105 7928
thomas.stables@osborneclarke.com

Emily Tombs, Associate (New Zealand Qualified)
T: +44 20 7105 7909
emily.tombs@osborneclarke.com

Katherine Douse, Senior Associate
T: +44 117 917 4428
katherine.douse@osborneclarke.com

Tamara Quinn, Partner
T: +44 20 7105 7066
tamara.quinn@osborneclarke.com

James Edmonds, Associate
T: +44 20 7105 7607
james.edmonds@osborneclarke.com

Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

SFO publishes guidance on corporate co-operation and enforcement

The Serious Fraud Office (SFO) has published new guidance on corporate co-operation and enforcement regarding corporate criminal offending. The guidance outlines the SFO's key considerations under the public interest stage of the Full Code Test for Crown Prosecutors when determining whether or not to charge a corporate entity or invite it to deferred prosecution agreement (DPA) negotiations.

Key takeaways include an emphasis on the importance of prompt self-reporting and full co-operation for DPA eligibility. The guidance outlines expectations for self-reporting, co-operative conduct and timelines for investigation and DPA negotiations. The SFO anticipates that it will only be in exceptional cases where prompt self-reporting and co-operation may still result in prosecution.

See the government press release.

Regulatory Initiatives Grid

The Regulatory Initiatives Forum published the eighth edition of the Regulatory Initiatives Grid, setting out the planned regulatory initiatives for the next 24 months. Key developments of interest to regulated firms are:

- Financial Conduct Authority (FCA) enforcement transparency proposals: the grid notes that the FCA confirmed it will take forward aspects of its transparency proposals where there was greater support (see more in our previous Regulatory Outlook). As such, a "key milestone" is planned for Q2 (by the end of June 2025).

- Consultation on the Money Laundering Regulations: the Treasury is exploring reforms to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, which will introduce requirements for businesses to identify and prevent money laundering and terrorist financing (read more in our previous issue). The grid indicates that the government will proceed with a package of changes to the regulations in Q4 2025 (between October and December 2025).

FCA page on cash-based money laundering

The FCA updated its webpage on cash-based money laundering and its expectations of firms' controls. The FCA emphasises that firms should keep the impact of cash deposit controls under ongoing review to ensure the correct balance between money laundering prevention and impact on legitimate customers. It expects firms to utilise data to continue to refine controls as required, as money laundering risks evolve.

With regard to next steps, as part of the new FCA strategy for 2025 to 2030, reducing the money laundering risk from cash deposits, including those at the Post Office, will remain a priority. The FCA also plans to launch a proactive multi-firm review in the financial year 2025/26, to assess the risk posed by other routes through which cash can enter the financial system, and how these channels might be abused by criminals.

Law Society advice for law firms and legal teams on failure to prevent fraud offence

The Law Society published advice aimed at helping law firms and legal teams prepare for the "failure to prevent fraud" offence introduced by the Economic Crime and Corporate Transparency Act 2023.

The guidance sets out a helpful summary of the failure to prevent fraud guidance, and the six principles that firms should consider when designing and implementing reasonable procedures.

See our Insight on the steps organisations should take in advance of the offence coming into force on 1 September 2025.

Jeremy Summers, Partner
T: +44 20 7105 7394
jeremy.summers@osborneclarke.com

Chris Wrigley, Associate Director
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Bribery, fraud and anti-money laundering

Capucine de Hennin, Associate
T: +44 20 7105 7864
capucine.dehennin@osborneclarke.com

Competition

Competition

Changes to public sector subsidies regulations

The UK government is planning to raise the mandatory referral threshold for state public sector subsidies from £10 million to £25 million following a consultation aimed at refining the current UK subsidy control regime, which has been in force since 2023.

The current regime provides that public authorities must submit a referral to the CMA's Subsidy Advice Unit (SAU) where a subsidy can be considered a subsidy of particular interest (SoPI). The SAU will then provide a report on the subsidy's potential compliance with the Subsidy Control Act 2022.

Although there are some additional criteria for specific circumstances, the most frequent criteria for any subsidy being considered a SoPI are as follows:

- the subsidy is worth over £10 million; or
- the subsidy is worth over £5 million and is to be granted to a company operating in one of the sensitive sectors listed in the SoPI regulations.

A separate category, subsidies or schemes of interest (SSoI), exists for subsidies valued between £5 million and £10 million in non-sensitive sectors. In this category, referral to the SAU is not mandatory but is encouraged on a voluntary basis.

The consultation found that over 50% of respondents believed the value threshold for SoPIs should be raised. The reasons provided for this included inflation, increased costs, and reducing the administrative burden of offering subsidies. For SSoIs, respondents' views on thresholds were more varied. In this instance, the government has decided to retain the threshold at the current level.

No firm timeline for implementation of the changes has been decided, with legislation due to go before Parliament in the second half of 2025.

Commission issues first fines under Digital Markets Act

The European Commission has issued a total of €700 million in fines for breaches of the Digital Markets Act, which came into force in 2023. The fines are the first issued under the new regulation which regulates the power of the largest digital companies.

Apple has been fined €500 million for restricting the ability of app developers to effectively steer customers to offers outside of its App store. Additionally, Apple has been ordered to remove the restrictions on steering and refrain from conduct that has an equivalent effect in the future.

Meta's fine relates to a "consent or pay" advertising model that offered users a choice between a service using personal data to personalise ads or a subscription-based ad-free service. The Commission took the view that users should be given the choice to opt for an equivalent service that used less personal data. Meta has now introduced another version of the model which is currently being assessed by the Commission to confirm that it complies with the Digital Markets Act.

Simon Neill, Partner
T: +44 20 7105 7028
simon.neill@osborneclarke.com

Katherine Kirrage, Partner
T: +44 20 7105 7514
katherine.kirrage@osborneclarke.com

Marc Shrimpling, Partner
T: +44 117 917 3490
marc.shrimpling@osborneclarke.com

Aqeel Kadri, Partner
T: +44 207 105 7367
aqeel.kadri@osborneclarke.com

Consumer law

Consumer law

Digital Markets, Competition and Consumers Act 2024

Rules on UCPs in effect and CMA publishes final UCPs guidance

On 6 April 2025, the "unfair commercial practices" (UCPs) part of the Digital Markets, Competition and Consumers Act 2024 (DMCCA) came into effect, bringing significant changes to UK consumer law. Just ahead of the deadline, the Competition and Markets Authority (CMA) published its final guidance on UCPs. The rules on the enforcement of consumer protection law under the DMCCA also came into effect on 6 April 2025. The CMA now has new powers to enforce consumer protection law directly, without going to court. See this Insight for more information.

The CMA has also now set out the approach it will take to applying the new direct consumer protection law regime in the first year. The document is mostly in line with the plans the CMA outlined in March – see this Regulatory Outlook – but also includes the following timeline:

- April-July: the CMA will publish a programme of engagement with businesses and consumer organisations.
- Summer 2025: the CMA will consult further on certain aspects of its guidance on "drip pricing" (such as how it relates to fixed-term periodic contracts) covered by the material pricing information obligations in section 230 of the DMCCA.
- Autumn 2025: the CMA will publish final guidance on drip pricing.

The document also sets out how the CMA will implement the "4Ps" in its consumer protection work: pace, predictability, proportionality and process. On pace, it promises to be as efficient and expeditious as possible, while on predictability, it is committed to minimising uncertainty. On proportionality, the CMA promises to use its enforcement powers in a fair and proportionate manner, ensuing that redress measures and fines reflect the seriousness of the conduct under investigation. Finally, on process, the CMA promises to engage directly with businesses throughout any investigation to ensure the process is understood.

Consumer-facing businesses should now review their practices alongside the UCPs guidance and implement any necessary changes to ensure compliance. The CMA has effectively given traders a three-month grace period to comply with the new fake reviews regime, saying that it will focus on supporting businesses with compliance, rather than enforcement during this time. It has also said that, in general, it will only take enforcement action where the conduct represents "clear infringements of the law" and, in relation to drip pricing, it will not enforce on issues to be covered by the additional guidance mentioned above until it is published in final form.

Dynamic pricing and secondary ticketing

CMA publishes update on its investigation into Ticketmaster

Having launched an investigation into Ticketmaster's sale of Oasis tickets in September 2024 (see this Insight), the CMA has written to the ticketing platform highlighting its concerns under consumer protection law and requesting changes to its practices to address the issues raised.

The CMA's concerns relate to the following possible breaches by Ticketmaster:

- Labelling certain seated tickets as "platinum" and selling them for nearly 2.5 times the price of equivalent standard tickets, without sufficiently explaining that they did not offer additional benefits and were often located in the same area of the stadium.
- Not giving consumers clear and timely information about how the pricing of standing tickets would work. Ticketmaster had not used an algorithmic pricing model, for example, to adjust ticket prices in real time when demand was high. However, it had released a number of standing tickets at a lower price and, once they had sold out, then released the remaining standing tickets at a much higher price. Consumers were not told of the two categories of standing tickets at different prices and therefore ended up waiting in a lengthy queue without knowing the price they would be paying. When they reached the front of the queue, they then had to decide whether to pay the higher price.

The CMA says that changes made by Ticketmaster since the investigation began are insufficient to allay its concerns. The CMA has outlined the further steps needed – including to the information Ticketmaster provides to customers, when it provides that information, and how it labels some of its tickets – and is consulting with the platform on these changes.

CMA responds to government consultation on the resale of live events tickets

The CMA has also published its response to the government's consultation on the resale of live events tickets – see this Regulatory Outlook for background. The CMA supports the government's proposal to introduce a price cap for ticket resale and outlines some key considerations to help manage the risks, including:

- Applying the resale price cap to both resellers and secondary ticketing platforms.
- Introducing a licensing regime for platforms wanting to host listings for resold event tickets.
- Introducing a requirement for primary sellers to make the original ticket prices readily available to make it easier for secondary ticketing platforms to comply with any applicable price cap obligation.
- Introducing powers to regulate buyer fees directly in any price cap legislation. The government should also consider whether consumer law is set appropriately, as restrictions on ticket resales may increase the ability of platforms to charge higher buyer fees as the restrictions reduce the number of competing authorised resellers.

EU Digital Fairness Act expected in Q3 of 2026

Speaking at the EU Parliament's Committee on Internal Market and Consumer Protection, the Commissioner for Democracy, Justice, the Rule of Law and Consumer Protection has revealed that the European Commission plans to present the Digital Fairness Act "in the third quarter of 2026". He said that the proposal will aim to close the gaps in digital consumer protection law in relation to issues such as addictive design, dark patterns and burdensome subscription cancellations, which are not covered under current laws. The Commission has also published a timeline on the proposed Act, which shows that a public consultation is planned for Q2 of 2025.

More broadly, Commissioner McGrath emphasised the need to be "bolder, simpler and faster" in enforcing consumer and digital laws, especially with the rise in online shopping. He pledged to uphold strong consumer protections amid the simplification efforts.

The Digital Fairness Act was an anticipated outcome of the European Commission's "fitness check" of EU consumer law (see our Insight).

Tom Harding, Partner
T: +44 117 917 3060
tom.harding@osborneclarke.com

John Davidson-Kelly, Partner
T: +44 20 7105 7024
john.davidson-kelly@osborneclarke.com

Ben Dunham, Partner
T: +44 20 7105 7554
ben.dunham@osborneclarke.com

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Cyber-security

Cyber-security

Government publishes Cyber Security and Resilience Bill policy statement

The Department for Science, Innovation and Technology has published a policy statement setting out the measures to be included in the Cyber Security and Resilience Bill, which is expected to be introduced in the current Parliamentary session.

The statement sets out the following confirmed measures in the bill:

- **Bringing more entities into scope of the regulatory framework**: Duties will be placed on managed service providers (MSPs) and critical suppliers to businesses to improve their cybersecurity. Regulators will also be able to identify and designate high-impact suppliers as "designated critical suppliers" to address critical supply chain vulnerabilities.
- **Empowering regulators and enhancing oversight**: The secretary of state will be given powers to make regulations to update existing requirements, tailor them for specific sectors, and issue codes of practice to help businesses comply. There will be expanded incident reporting criteria for regulated entities, complemented by the measures in the ransomware legislative proposals currently under consultation. There will also be improved information gathering powers for the Information Commissioner's Office (ICO), including expanded criteria for the ICO to serve information notices on digital services firms.
- **Powers of direction**: The secretary of state will be granted new delegated powers to update the regulatory framework, including bringing new sectors and sub-sectors in scope of the regulations and changing the responsibilities and functions of network and information systems (NIS) regulators.

Alongside the confirmed proposals, which were previously announced in the King's Speech, the policy statement sets out some additional measures under consideration more generally (not necessarily in this bill):

- Bringing data centres into scope of the regulatory framework by classifying them as an essential service, in recognition of their new status as critical national infrastructure (as previously reported).
- Publishing a statement of strategic priorities for regulators once every three to five years, accompanied by an annual report from regulators on their progress against objectives set out in the statement.
- New executive powers for the secretary of state to direct a regulated entity or regulator to take action, where necessary for national security, with consideration to the precedent set by the enforcement regime under the Telecommunications (Security) Act 2021 (companies face a daily fine of £100,000, or up to 10% of turnover, for non-compliance).

Read the press release and National Cyber Security Centre (NCSC) blog.

Government response to call for views on code of practice for software vendors

As previously reported, in May 2024 the government published a draft voluntary code of practice for software vendors and related call for views, establishing a set of voluntary security and resilience measures for organisations developing or selling software used by businesses.

The government has now responded to its call for views, stating that minor revisions will be made before the new code is published in 2025.

See more information on the wider governance package intended to help boards and directors manage digital risks and protect their organisations against cyber attacks.

Cyber Security Breaches Survey 2025

The government published the latest Cyber Security Breaches Survey, an annual survey on UK cyber resilience exploring policies, processes and approach to cyber security for businesses, charities and educational institutions.

The survey, which is intended to be statistically representative of businesses of all sizes and relevant sectors in the UK, revealed that the threat of cyber attacks was largely consistent with 2024 (43% of businesses experienced a cyber security breach or attack in the last 12 months, compared to 50% of businesses in 2024). However, the prevalence of ransomware among businesses has increased significantly from less than 0.1% of businesses in 2024 to 1% in 2025 (which equates to around 19,000 businesses).

Cyber-security

Furthermore, a new trend has developed where board-level responsibility for cyber security has been gradually decreasing among businesses since 2021 (38% of businesses had a board member with responsibility for cyber security in 2021, compared to 27% in 2025). As with previous years, larger organisations (96%) demonstrated a higher prioritisation of cyber security compared to businesses overall (72%).

The National Cyber Security Centre (NCSC) has released new online training designed to help boards and directors to govern cyber security risk and implement the cyber governance code of practice. The code focuses on the actions senior leaders should take to govern cyber risks effectively within their organisation. The government has also produced a diagram and mapping document showing how the cyber governance code of practice relates to existing cyber standards and frameworks.

Charlie Wedin, Partner
T: +44 117 917 4290
charlie.wedin@osborneclarke.com

Ashley Hurst, Partner
T: +44 20 7105 7302
ashley.hurst@osborneclarke.com

Philip Tansley, Partner
T: +44 20 7105 7041
philip.tansley@osborneclarke.com

Nina Lazic, Associate Director
T: +44 20 7105 7400
nina.lazic@osborneclarke.com

Data law

Data law

UK updates

ICO publishes new guidance on anonymisation and pseudonymisation

The Information Commissioner's Office's (ICO) has published new guidance, which among other things:

- Discusses what organisations should consider when anonymising personal data.
- Provides good practice advice and case studies for anonymising personal data.
- Outlines technical and organisational measures to mitigate the risks when using these techniques.

The ICO will host a webinar on 22 May 2025 to support the launch of its guidance – you can register here.

ICO review of children's data in financial services

The ICO's review is based on information on the processing of children's data received from a range of organisations in the financial services sector that offer products and services to children. The review focused on governance, transparency, use of information, individual rights, age verification and marketing.

The ICO summarises evidence of good practice and of risks to data protection compliance, as well as instances where improvements may be necessary. Some problematic areas revealed in the findings include:

- Only half of organisations provide age-appropriate privacy information and some shift transparency responsibilities to parents. This risks children agreeing to terms and conditions or privacy information that they do not understand. Privacy information is often given once and not updated as children grow and their understanding evolves.
- Consent for processing is sometimes obtained from parents on behalf of their child in the first instance, but not reviewed as the child matures. This means the original consent is likely to become invalid as the child's understanding increases. Instead, consent should be refreshed at regular intervals and obtained directly from the child once they are able to understand.
- Decisions on accepting requests for children's information are sometimes based on a predetermined age limit rather than assessing the child's understanding and competence.
- Most organisations have policies in place preventing marketing to children, but communications often do not distinguish between parents and children, leading to a high risk of non-compliance with marketing requirements in the UK GDPR.

In certain aspects, the ICO's review identified practices that exceed the standards typically regarded as good practice in other sectors. However, it is important to recognise that the financial services sector, being already heavily regulated, places a greater emphasis on compliance than many other industries. Consequently, it is likely that businesses within this sector will take steps to address the concerns highlighted.

Government call for evidence on data intermediaries, and data brokers and national security

The government has launched two consultations with the aim of gathering evidence on the role of these parties, with a broad goal of looking at what role they have in fostering innovation and economic growth through improved data management and sharing practices.

Data intermediaries

Data intermediaries are organisations that facilitate data access and sharing on behalf of and in the interests of individuals. The government believes they can be instrumental in enabling the UK to use its data more strategically and drive innovation and economic growth in a trusted and secure way. While some data intermediary models are already operating in the UK, there is a range of barriers preventing further development in this area.

The call for evidence looks at data subject rights, delegation of those rights to third parties and the activity of data intermediaries. It seeks to assess the reasons why some data subject rights are not being exercised, particularly the right to data portability, and whether rules around the delegation of these rights should be more explicit. It also seeks to define the nature and activities of data intermediaries, invites contributions to help develop a common understanding of the current barriers and seeks to understand any risk factors associated with the wider exercise of data subject rights by third parties.

Data brokers and national security

Data brokers, which are different to data intermediaries, facilitate access to UK data, including on individuals, businesses and infrastructure, through data brokerage, where pre-packaged or bespoke datasets can be obtained at speed and scale. Although this data sharing is beneficial to the economy, there are also risks that hostile actors, for example cyber criminals, can acquire UK data, resulting in potential national security harms.

Through the call for evidence, the government wants to understand more about data brokers and the wider industry to support policy development. The call for evidence explores how data brokers should be defined, the national security risks associated with the industry, the effectiveness of current security and governance frameworks used by data brokers, and consumer awareness of the industry.

Both calls for evidence close on **12 May 2025**.

ICO and the CMA publish joint statement on AI foundation models

See AI section.

EU updates

European Commission's expert group on B2B data sharing and cloud computing contracts publishes final report

Under Article 41 of the EU Data Act, the EU Commission was required to develop and recommend:

- Non-binding model contractual clauses (MCTs) for business-to-business (B2B) data sharing. Covering on data access and use, including terms on reasonable compensation and the protection of trade secrets.
- Non-binding standard contractual clauses (SCCs) for cloud computing and other data processing services contracts between the providers of these services and their business customers, to assist parties in drafting and negotiating contracts with fair, reasonable and non-discriminatory contractual rights and obligations.

The Commission appointed an expert group to assist in the preparation of these documents, and the group's final report sets out the group's drafts of the MCTs and SSCs. They have been drafted so they can be adapted by the parties according to their contractual needs. They are mainly for B2B contracts, but they can be used in business-to-consumer contracts, provided that additional provisions are added to ensure compliance with consumer protection laws. It will now be for the EU Commission to decide whether it wishes to adopt the drafts prepared by the expert group.

The use of the MCTs does not affect any of the rights and obligations the parties have under the Data Act or under other EU or national laws (including those under the EU GDPR). The MCTs consist of entire contracts under four headings:

- Data holder to user of a connected product or related service, where the data holder wishes to use data generated using the product/service.
- User of a connected product or related service to a third party data recipient business (where the user of a product/service has requested a data holder to make data available to the data recipient under Article 5 of the Data Act).
- Data holder to a third party data recipient business (where the user of a product/service has requested a data holder to make data available to the data recipient under Article 5 of the Data Act).
- Data sharer to data recipient (where the data sharer wishes to make data available to a data recipient independently of any request by a user or similar party).

The SCCs apply to both customers and providers and consist of six standard clauses covering the main contractual issues identified (switching and exit, termination, security and business continuity, non-dispersion, liability, and non-amendment) plus one general clause, all intended to be added into data processing services agreements. They are best practice guidance to assist the contractual implementation of the rights and obligations stemming from the Data Act and their use is voluntary.

Businesses involved in the EEA in the distribution or operation of connected products and related services, or in providing and utilising cloud services, will wish to review their relevant contracts in the light of the draft MCTs and SCCs, which are likely to be influential on the courts and regulators involved in interpreting the EU Data Act.

Data law

EDPB publishes guidelines on blockchain

The guidelines explain how blockchains work, the different possible architectures, and their implications for personal data processing. Aspects covered include:

- Challenges assessing roles and responsibilities across multiple actors.
- The need for appropriate security measures, including taking into account the possibility of encryption algorithms being broken.
- Data minimisation techniques.
- Obligations on individual rights of transparency, rectification and erasure.

The European Data Protection Board makes the point that some blockchain architectures create serious issues for data protection compliance, such as in relation to data minimisation, storage limitation, and individual rights, and so organisations need to assess this risk at an early stage, before implementation of a system which precludes compliance.

The guidelines are open for public consultation until **9 June 2025**.

Mark Taylor, Partner
T: +44 20 7105 7640
mark.taylor@osborneclarke.com

Tamara Quinn, Partner
T: +44 20 7105 7066
tamara.quinn@osborneclarke.com

Georgina Graham, Partner
T: +44 117 917 3556
georgina.graham@osborneclarke.com

Jonathan McDonald, Partner
T: +44 20 7105 7580
jonathan.mcdonald@osborneclarke.com

Daisy Jones, Associate Director
T: +44 20 7105 7092
daisy.jones@osborneclarke.com

Gemma Nash, Senior Associate
T: +44 117 917 3962
gemma.nash@osborneclarke.com

Digital regulation

Digital regulation

Online Safety Act updates

Commencement regulations made regarding CSEA reporting

The Online Safety Act 2023 (Commencement No. 5) Regulations 2025 will bring into force (from 3 November 2025) various provisions in the Online Safety Act 2023 (OSA) relating to Child Sexual Exploitation and Abuse (CSEA) content online, including:

- Duties on both UK and non-UK providers of regulated user-to-user services to report detected and unreported CSEA content present on the service to the National Crime Agency (NCA). The secretary of state is still to make regulations on the information that should be contained in these reports, their format and the time frames in which they should be sent to the NCA.
- Section 69, which makes it an offence to knowingly or recklessly provide materially false information when reporting CSEA content to the NCA.
- Provisions relating to Ofcom's enforcement powers as regards offences under the OSA for failing to comply with provision of information requirements, including in respect of the CSEA reporting requirement.

Ofcom opens first investigation into an online service provider under OSA

Ofcom has opened its first investigation into an online service provider under the OSA, targeting an online pro-suicide discussion forum. Due to the nature of the service, the regulator has not named the provider. Ofcom's investigation follows it having sent a statutory information notice to the service provider under the regulator's Risk Assessment Enforcement Programme (launched to monitor whether services are meeting their illegal content risk assessment duties) and subsequent correspondence.

Ofcom is investigating whether the provider has failed/is failing to comply with its duties under the OSA to:

- Adequately and accurately respond to a statutory information request.
- Complete and keep a record of a suitable and sufficient illegal content risk assessment.
- Comply with safety and reporting requirements as regards illegal content, as well as requirements relating to complaints procedures.

If Ofcom finds compliance failures, it can impose fines of up to the greater of £18 million or 10% of qualifying worldwide revenue and, in the most serious cases, seek a court order to require third parties to withdraw services from, or block access to, the service.

Ofcom reports positive engagement from pornography sites on implementing highly effective age assurance

On 3 April 2025, Ofcom published an update on its enforcement programme in relation to the compliance of pornography sites with their obligations under Part 5 of the OSA to implement highly effective age assurance (HEAA) to prevent children from accessing pornographic content.

On 17 January 2025, Ofcom wrote to hundreds of such providers, asking them to provide details of their plans to meet these obligations and their anticipated timescales. So far, Ofcom reports positive engagement from the sector and says that several providers have implemented HEAA in response to the regulator's programme. However, some have not responded and some have been referred to Ofcom's enforcement team for further review. Ofcom will assess those services and consider if formal enforcement action is needed. In the meantime, it is currently working on a set of FAQs to support the sector in complying with their obligations.

EU Digital Fairness Act expected in Q3 of 2026

See Consumer section

Digital regulation

John Davidson-Kelly, Partner
T: +44 20 7105 7024
john.davidson-kelly@osborneclarke.com

Chloe Deng, Associate Director
T: +44 20 7105 7188
chloe.deng@osborneclarke.com

Ben Dunham, Partner
T: +44 20 7105 7554
ben.dunham@osborneclarke.com

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Tom Harding, Partner
T: +44 117 917 3060
tom.harding@osborneclarke.com

Employment, contingent workforce and immigration

Employment, contingent workforce and immigration

April employment law changes and new Vento bands published

April sees a number of changes that affect employers coming into force (see our previous Regulatory Outlook) including increases to the national minimum wage rates and other statutory payments, as well as the new statutory right to neonatal leave and pay.

New Presidential Guidance on Employment Tribunal awards for injury to feelings in line with the Vento bands has now also been published. For claims presented on or after 6 April 2025, the Vento bands are as follows:

- a lower band of £1,200 to £12,100 for less serious cases;
- a middle band of £12,100 to £36,400 for cases that do not merit an award in the upper band; and
- an upper band of £36,2400 to £60,700 for the most serious cases. The most exceptional cases are capable of exceeding £60,700.

Tribunals have a discretion to award compensation within the Vento bands in light of the specifics of the particular case. They compensate for the emotional distress and injury to feelings suffered by the claimant due to discrimination. This includes the psychological impact and any resulting harm to the claimant's mental well-being. The amount awarded is intended to reflect the severity and impact of the discriminatory behaviour on the individual.

Government publishes call for evidence on equality reforms

As part of its ongoing employment law reforms, the government has published a call for evidence on reforms to equality laws. The call for evidence encompasses both evidence and views about areas of the existing legal framework to help better understand how the law is working in practice, as well as evidence and views on areas of possible equality law reform that the government is considering. This includes strengthening equal page, pay transparency, strengthening protection against combined discrimination, creating and maintaining workplaces and working conditions free from harassment, ensuring the Public Sector Equality Duty is met by all parties exercising public functions, and implementing the socio-economic duty. See our Insight for more.

UK Spring Statement 2025: tax anti-avoidance rules with criminal sanction target staffing supply chain

The UK chancellor, Rachel Reeves, in her spring statement in March outlined the government's plans to introduce further measures designed to close the "tax gap" – the difference between the amount of tax that should, in theory, be paid to HMRC, and what is actually paid. The measures aim to raise a further £1 billion by the end of the forecast.

These latest anti-avoidance proposals would criminalise hirers, staffing companies, umbrella companies and other intermediaries who "promote" tax avoidance arrangements and fail to comply with the Disclosure of Tax Avoidance Scheme (DOTAS) regime, which, broadly, requires certain types of scheme to be notified to HMRC before they are implemented.

The problem that this addresses is that those who fail to comply with DOTAS are only exposed, at the moment, to civil liabilities. There is a feeling in government that DOTAS has, therefore, been ignored by many, allowing tax-avoidance arrangements in the staffing supply chain to be widely promoted in a relatively unchecked way. Read more.

Julian Hemming, Partner
T: +44 117 917 3582
julian.hemming@osborneclarke.com

Kevin Barrow, Partner
T: +44 20 7105 7030
kevin.barrow@osborneclarke.com

Gavin Jones, Head of Immigration
T: +44 20 7105 7626
gavin.jones@osborneclarke.com

Catherine Shepherd, Knowledge Lawyer Director
T: +44 117 917 3644
catherine.shepherd@osborneclarke.com

Employment, contingent workforce and immigration

Helga Butler, Immigration Manager
T: +44 117 917 3786
helga.butler@osborneclarke.com

Kath Sadler-Smith, Knowledge Lawyer Director
T: +44 118 925 2078
kath.sadler-smith@osborneclarke.com

Environment

Environment

Environment Agency consultation on charging sewerage undertakers for enforcement

The Environment Agency (EA) has published a consultation on 14 April 2025, proposing a new annual levy on certain water discharge activities carried out by water companies that are sewerage undertakers. This levy is designed to fully recover the EA's enforcement costs as authorised by the Water (Special Measures) Act 2025.

Key points of the consultation include:

- Introducing an annual levy calculated based on the number, type and volume of environmental permits for operating sewage discharge activities. This levy is in addition to existing annual environmental permit charges.
- The levy will support an enhanced regulatory approach based on the EA's existing functions and duties. The EA will review the levy when additional enforcement powers, such as automatic penalties, commence in April 2026.
- The levy will be updated annually in line with the consumer price index (CPI).

The consultation closes on 26 May 2025, with the new charging scheme proposed to be implemented in summer 2025.

For further information, the consultation can be accessed here.

Joint consultation on reforms to the Environmental Permitting Regime

On 8 April 2025, the Department for Environment, Food and Rural Affairs, the Environment Agency (EA), the Welsh Government, and Natural Resources Wales (NRW) published a joint consultation on proposed reforms to the Environmental Permitting (EP) regime. These reforms are part of the UK government's March 2025 Regulatory Action Plan aimed at ensuring regulators and regulations support growth.

Key proposals include:

- Simplifying the creation, amendment and removal of EP exemptions for four classes of activities: flood risk activities, waste operations, water discharge activities and groundwater activities.
- Granting the EA and NRW new powers and greater flexibility to designate regulated facilities as exempt, specify or modify their conditions, or remove exempt status.
- Ensuring the new powers are used:
    - In accordance with the objectives and criteria for the particular class of activity.
    - To exempt facilities assessed as posing a lower risk to the environment and human health.
    - Subject to public consultation, except for minor administrative changes, and under the general oversight of government ministers.

The consultation will close on 3 June 2025. The government hopes that the proposals will simplify and speed up the process for the lead regulators to create, amend and remove types of exempt facilities and activities which are not required to hold an environmental permit

For further information, the consultation can be accessed here.

Government reports on consultation outcome on phasing out sale of diesel cars from 2030

Between 24 December 2024 and 18 February 2025, the government consulted on its commitment to phase out pure petrol and diesel cars by 2030 and support the UK's transition to zero emission vehicles (ZEVs).

Individuals, vehicle manufacturers, local authorities, NGOs, political parties, trade associations and other bodies responded to a series of questions which focused on two main areas: the phasing out of internal combustion engine (ICE) cars and the ZEV mandate which will be delivered through the Vehicle Emissions Trading Scheme.

Following the consultation the government has confirmed:

- A commitment to end the sale of new purely ICE cars by 2030; all new cars and vans must be zero emission by 2035.
- Permission to sell hybrid electric vehicles and plug-in hybrid vehicles post-2030.

- Permission to sell new non-zero emission vans until 2035.
- A non-ZEV fleet-wide average CO2 cap for vans post-2030.
- Exemptions for micro vehicle manufacturers, small vehicle manufacturers, special purpose and kit vehicles from the 2030 ICE car sale ban.
- Flexibilities to support manufacturers in transition while maintaining ZEV targets, such as an extension of the borrowing mechanism to 2029, with new caps for 2027-2029.

Further detailed information on outcomes of the consultation can be found here.

Government consultation on marine recovery fund for offshore wind development

On 31 March 2025, the Department for Environment, Food and Rural Affairs (Defra) published a consultation on the Marine Recovery Fund (MRF) for England, Wales, and Northern Ireland. This consultation outlines how the MRF will function to compensate for the adverse effects of offshore wind developments on Marine Protected Areas (MPAs).

Key points of the consultation include:

- The MRF aims to deliver industry-funded, strategic measures to mitigate the impacts of offshore wind developments on MPAs, thereby expediting the consenting process. It supports the government's Clean Power 2030 Action Plan using powers from the Energy Act 2023 and is part of the Offshore Wind Environmental Improvement Package.
- Details on the proposed application process and how the MRF will deliver compensatory measures using a library of strategic compensatory measures. It also discusses the transfer of responsibility for compensation.
- Exploration of potential interactions with a separate Scottish MRF, which is being developed independently.

The consultation closes on 12 May 2025 and can be found here.

Natural England's strategic direction for 2025 to 2030

On 2 April 2025, Natural England (NE) published its plan, Recovering Nature for Growth, Health and Security: Natural England's Strategic Direction 2025-2030. The plan highlights the importance of nature to the economy, valued at over £1.8 trillion, and emphasises that economic growth relies on a thriving natural environment.

Key points include:

- NE will focus on restoring natural systems to enable nature to thrive, rather than just preventing harm.
- NE will provide evidence-based standards and advice, and deliver outcome-focused regulation and enforcement.
- NE's strategic priorities:
    - supporting large-scale projects and streamlining permissions for "nature positive change."
    - collaborating on "high nature; low carbon" housing, energy, and transport infrastructure.
    - offering advice and finance to support sustainable farming, forestry, and fishing.

NE will identify necessary changes for itself and its partners, launching a detailed strategy in autumn 2025. Read NE's plan here.

New regulatory regime for heat networks introduced

On 3 March and 1 April 2025, some of the provisions of the new Heat Networks (Market Framework) (Great Britain) Regulations 2025 took effect, with many more coming into force in January 2026. The regulations aim to protect consumer interests by ensuring reliable and affordable services while promoting sustainability and adherence to net-zero targets.

An activity is regulated under the regulations if it involves broadly: the operation of a relevant heat network and control of the transfer of thermal energy on that network, or part of the network, for the purposes of supplying heating, cooling or hot water; or the supply of heating, cooling or hot water by a heat network.

Ofgem has been appointed as the regulator and is empowered to monitor operators and suppliers of heat networks, enforce compliance and issue authorisations with specific conditions. The energy regulator can also impose penalties for breaches, provide consumer redress and set performance standards.

The regulations establish criminal offences for unauthorised activities and non-compliance. They introduce requirements to provide detailed information and maintain records. Additionally, the regulations mandate membership in an Energy Ombudsman consumer redress scheme to handle complaints and ensure consumer protection.

The regulations seek to provide enhanced consumer protection (by way of fair pricing and clear complaints procedures, among other things) and set minimum performance standard for operators and suppliers of heat networks.

In the first instance, businesses that may be either an operator or supplier of a heat network should register with the Energy Ombudsman as soon as possible and be aware they will need to register with Ofgem via the heat networks digital service by 26 January 2027.

For further information, read our Insight.

Government's publication of the Corry Review to simplify UK's regulatory landscape

The Government's Corry Review was published on 2 April 2025. The review was launched in light of criticism that the UK's regulatory regime is unnecessarily complicated and burdensome and has been reducing growth and investment within the UK.

The key measures identified within the Corry Review include;

- Appointing a single lead regulator for major infrastructure projects.
- Appointing a new Defra infrastructure board to accelerate the delivery of major infrastructure projects.
- Reviewing environmental guidance to remove duplication, ambiguity and inconsistency.
- Streamlining permits and guidance.
- Creating a single planning portal for all agencies (including environmental regulators).
- Providing more autonomy for trusted nature groups to carry out conservation and restoration work without multiple permissions.

The government hopes that the recommendations set out in the Corry Review will help to improve consistency and fairness in enforcing regulatory compliance; unlock private sector green finance; and improve digital innovation amongst regulators.

Government consultation on extending regulations for burning vegetation on peat

The UK government has launched a consultation regarding the extension of regulations on burning vegetation on peatlands, which are crucial for carbon storage. The proposed changes aim to enhance the protection of peatlands and include the following key updates:

- Updating the definition to ensure more comprehensive coverage.
- Extending the prohibition to burning vegetation where peat is over 30cm deep, thereby also protecting shallower peat areas.
- Reducing the grounds on which one can apply for a licence to burn vegetation on peatlands.
- Requiring individuals who intend to burn under a licence to complete prescribed fire and wildfire training.
- Ensuring adherence to the Heather and Grass Management Code.

The consultation is open for feedback until 25 May 2025.

Environment

Independent review commissioned on greenhouse gas removals

The UK government has commissioned an independent review to explore both the capabilities and challenges of greenhouse gas removals (GGR) technologies. This review aims to support the UK's climate goals, including its nationally determined contribution, carbon budgets, and net zero target.

Key aspects of the review include:

- Assessing the scale of emissions reductions needed from various GGR technologies.
- Investigating the opportunities for deploying GGR at scale, leveraging the UK's scientific and engineering expertise, and co-products like hydrogen production. It will also address challenges such as regulatory frameworks and resource availability.
- Evaluating the economic costs of deploying GGR in the UK and strategies to attract private investment, including through carbon markets.
- Examining the role of GGR in supporting the government's Growth and Clean Energy Superpower Missions and balancing residual emissions.

The review will culminate in a report and recommendations, which will be submitted to the secretary of state in October 2025.

Ofwat consultation on banning performance-related pay for water industry executives

Ofwat has launched a consultation on proposals to introduce a rule prohibiting performance-related pay (PRP) for chief executives and directors in the water industry. This measure targets companies that fail to meet specified standards under the Water (Special Measures) Act 2025.

The proposal requires water companies to prohibit the payment of PRP for the relevant year when a water company has failed to meet any of the following four key standards:

- Consumer matters: when Ofwat makes a decision that a breach of a principal statutory duty (as defined in the Water Industry Act 1991) warrants a financial penalty.
- Environment: if the company has received a one-star “poor performing” rating in the Environmental Performance Assessment for the calendar year preceding the end of the PRP payment year.
- Financial resilience: if the company breaches its licence requirement to hold a sufficient credit rating and/or subsequently fails to comply with a enforcement order or undertaking.
- Criminal liability: if the company is convicted of any offences (with some exceptions allowed).

The consultation period began on 25 March 2025 and will close on 29 April 2025.

Consultation launched on implementation of principles for carbon and nature market integrity

A consultation has been published on the implementation of the UK government’s six key principles for voluntary carbon and nature market integrity, to ensure their effectiveness and reliability:

1. **Use credits in addition to ambitious actions**: Organisations should use carbon credits alongside ambitious value chain emissions reductions. The government seeks views on endorsing the Voluntary Carbon Market Integrity Initiative (VCMI) Claims Code of Practice and recognising interim steps towards best practice.
2. **Use high integrity credits**: Buyers and investors should identify high integrity credits using the Integrity Council for the Voluntary Carbon Market (ICVCM) framework. The government invites views on endorsing ICVCM’s principles and the British Standards Institution’s Nature Investment Standards for UK nature crediting programmes.
3. **Measure and disclose credit use**: Organisations should disclose their use of credits as part of sustainability reporting to reduce risks and inform market functioning. The government seeks views on voluntary disclosure practices and incorporating VCMI elements into UK guidance.

4. **Plan ahead**: Financial institutions and major companies should develop transition plans aligning with the 1.5°C goal of the Paris Agreement. The government seeks views on the role of credits in these plans.
5. **Make accurate green claims**: Credit buyers should use appropriate terminology for green claims. The government seeks views on steps to clarify claims, including developing official definitions and standards.
6. **Cooperate to support market growth**: Organisations should collaborate to reduce market friction and support alignment. The government seeks views on steps to enhance clarity and confidence through regulatory regimes and legal definitions.

The consultation closes on 10 July 2025.

Consultation launched on draft UK CBAM legislation

Please see ESG.

Matthew Germain, Partner
T: +44 117 917 3662
matthew.germain@osborneclarke.com

Arthur Hopkinson, Associate
T: +44 117 917 3860
arthur.hopkinson@osborneclarke.com

Julian Wolfgramm-King, Senior Associate (Australian Qualified)
T: +44 20 7105 7335
julian.wolfgramm-king@osborneclarke.com

Caroline Bush, Associate Director
T: +44 117 917 4412
Caroline.bush@osborneclarke.com

Lauren Gardner, Associate
T: +44 117 917 3215
lauren.gardner@osborneclarke.com

Environmental, social and governance

Environmental, social and governance

EU Omnibus Package – 'Stop-the-clock' directive published in Official Journal

Both the European Parliament and Council have formally approved one of the Commission's proposals to simplify EU sustainability reporting rules introduced under the Omnibus package. This proposal, known as the "Stop-the-clock" directive, postpones the dates of application of both the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The delays being made are as follows:

- by **two years** the entry into application of the CSRD requirements for large companies that have not yet started reporting, as well as listed SMEs; and
- by **one year** the transposition deadline and the first phase of the application (covering the largest companies) of the CSDDD. Member States will have until 26 July 2027 to transpose the rules into national legislation, meaning the first wave of companies have to apply the rules from 2028.

The directive was published in EU's Official Journal and entered into force on 17 April 2025. Member States must transpose this directive into their national legislation by 31 December 2025.

Other changes introduced by the Omnibus package, including changes to the scope of the CSRD and substantive changes to the technical content of the CSDDD (see more in our Insight) are similarly being adopted under the ordinary legislative procedure and therefore require the text to be formally adopted by both the European Parliament and Council. However, these proposals are in the early stages of the legislative process.

Commission announces simplification measures to the EUDR

On 15 April, the European Commission published updated guidance and FAQs which provides some helpful clarification to the EU Deforestation Regulation (EUDR). These updates introduce simplification measures which aim to reduce the administrative burden for companies.

The substantive changes have mainly been made to the FAQs where a number of new questions and updates have been introduced. Some of the important changes are below:

- Question 2.5 – clarification around packaging exemptions including that user manuals, information leaflets, catalogues, marketing materials as well as labels accompanying other products do not fall within scope of the EUDR, unless they are placed or made available on the market or exported in their own right. This is reflected in the draft delegated act (see below).
- Question 2.14 – sets out an exemption for samples under the EUDR. This is reflected in the draft delegated act (see below).
- Question 3.1.1 – for changing / manufacturing products this clarifies that a change in the Commodity Code (HS, CN or TARIC) of a product already placed on the market results in a company placing a derived product on the market being an operator only if the change affects the digits that are listed in Annex I.
- Question 3.4 – obligations of downstream operators – this confirms that downstream operators need to ascertain that due diligence was exercised upstream by obtaining the information required under the EUDR, and are not required to collect any information required for this due diligence.
- Question 5.4 – with regard to re-imported products, it outlines that the same due diligence statement (DDS) can be reused for re-imported products that were previously exported from the EU market.
- Question 9.2 – for products falling within the transitional period (that is, between 29 June 2023 and 30 December 2025), no DDS needs to be submitted. In case of export or re-import of a product which was initially placed on the EU market during the transitional period, a "conventional DDS reference number" (meaning a universal reference number that can be entered in the customs declaration in cases of products falling in the transitional period) will be communicated by the Commission that can be used in the customs declaration submitted for export or re-import.

These simplifications are to be complemented by a draft Delegated Act which is subject to consultation that is currently running and is open until 13 May 2025. This is looking to formalise the removal of samples, products for R&D purposes, waste/used /second hand products, and bamboo/rattan/woody nature products from the scope of the EUDR.

Consultation launched on EU Industrial Decarbonisation Accelerator Act

Environmental, social and governance

The European Commission has launched a call for evidence and public consultation on its proposed EU Industrial Decarbonisation Accelerator Act. The regulation aims to assist energy-intensive industries to decarbonise while maintaining their international competitiveness. The initiative includes creating lead markets for decarbonised products. Feedback is being sought from stakeholders through both a call for evidence ending on 8 July and public consultation which ends on 9 July 2025. The Act, which will be a regulation, is expected to be adopted in Q4 2025.

Consultation launched on draft UK CBAM legislation

HMRC has launched a consultation on the draft legislation that will implement the carbon border adjustment mechanism (CBAM) from 1 January 2027. This will impose a carbon price on certain imported goods from sectors vulnerable to carbon leakage, including aluminium, cement, fertilisers, hydrogen, and iron and steel. The legislation outlines the scope, the calculation of CBAM liability, and key administrative components.

In addition to the draft legislation, the government has also released a CBAM policy update to provide businesses affected by CBAM with an overview of its scope and design. See also this factsheet that has been published alongside the consultation.

This consultation will be of interest to importers and downstream producers using goods from the specified sectors. The legislation will be included in a Finance Bill after this consultation, which closes on 3 July 2025.

UK companies need to be aware of the incoming EU Forced Labour Regulation

Please see Modern Slavery.

Please also see our latest international ESG Knowledge Update, for a round-up of legal, regulatory and market news.

Chris Wrigley, Associate Director
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Matthew Germain, Partner
T: +44 117 917 3662
matthew.germain@osborneclarke.com

Katie Vickery, Partner
T: +44 20 7105 7250
Katie.vickery@osborneclarke.com

Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

Financial stability risks of AI

The Bank of England (BoE) Financial Policy Committee (FPC) has published a Financial Stability in Focus report on artificial intelligence (AI) in the financial system, which considers the potential benefits of AI and its growing role in the financial system and the potential macro-prudential implications. The FPC warns about the following areas:

- **Greater use of AI in banks' and insurers' core financial decision-making**: the lack of explainability and potential autonomy of advanced AI models could – if deployed without appropriate testing, governance and risk controls – lead to a level of financial risk-taking that is not properly understood at the time.
- **Greater use of AI in financial markets**: greater use of AI to inform trading and investment decisions could lead market participants inadvertently to take actions collectively in such a way that reduces stability.
- **Operational risks in relation to AI service providers**: reliance on a small number of providers for a particular service could lead to systemic risks in the event of disruptions to them, especially if it is not feasible to migrate rapidly to alternative providers.
- **The changing external cyber threat environment**: AI could increase malicious actors' capabilities to carry out successful cyber attacks against the financial system and that financial institutions' own use of AI could create new vulnerabilities that could be exploited.

Payments

FSB launches forum on cross-border payments data

The Financial Stability Board (FSB) has announced the launch of the forum on cross-border payments data to:

- Take forward the FSB's recommendations to promote alignment and interoperability across data frameworks related to cross-border payments.
- Strengthen co-operation on data-related issues in cross-border payments, such as the way data is collected, stored and managed across borders.
- Serve as a platform for dialogue, information exchange, and research, helping to identify and address inconsistencies in global data frameworks.

The forum's first meeting will be held in May 2025.

BoE speech on innovating wholesale payments

The BoE has published a speech by its executive director for payments. In the speech, Victoria Cleland sets out details of the BoE's progress on issues addressed in its February 2024 discussion paper on Real-Time Gross Settlement (RTGS) access policies:

- **Non-bank payment service providers (NBPSPs) seeking access to RTGS**. Ms Cleland sets out details of changes that the BoE and the Financial Conduct Authority (FCA) have made to the framework for co-operation on assessing applications from NBPSPs to open an RTGS settlement account.
- **RTGS access to foreign banks**. The BoE will shortly update its website to make information about access to RTGS easier to navigate for industry stakeholders, including foreign banks.
- **Requirements for financial market infrastructures (FMIs)**. Ms Cleland states that the BoE has published a revised access policy that introduces a "live-proving and mobilisation" stage for new and small FMIs allowing firms seeking access to RTGS. It has also published new RTGS rules on its expectations for RTGS participants, including FMIs.
- **CHAPS value threshold**. The BoE intends to engage further with industry in 2025 to better understand the benefits and costs to, and assess any financial stability implications of, further policy intervention to revise the CHAPS direct participation threshold.

Ms Cleland also states that the BoE will mandate the use of ISO 20022 enhanced data for certain CHAPS payments from 1 May 2025 to promote the use of enhanced data within the UK payments sector. This includes purpose codes for payments between financial institutions and property transactions, as well as the inclusion of legal entity identifiers for payments between financial institutions.

BoE response to discussion paper on reviewing access to RTGS accounts for settlement

The BoE has published its response to its discussion paper on reviewing access to RTGS accounts for settlement. In the discussion paper, it sought views on its priority areas to further improve access to settlement in central bank money, remove unwarranted barriers and realise the capabilities and benefits of the renewed RTGS service. The BoE states that respondents to the discussion paper were generally supportive of the RTGS access review and were in broad agreement with the BoE's priority areas.

The BoE has also set out:

- An updated version of its guide for NBPSPs seeking direct access to UK payment systems.
- New rules on the BoE's expectations for RTGS participants.
- A revised version of its RTGS access policy.

The BoE has also introduced stage gates (as set out in the revised RTGS access policy) to enable applicants seeking access to RTGS, including new and small FMIs, to build internal capacity and confidence before launching their services externally. The aim is to allow applicants to test connectivity and grow their business in a controlled way subject to restrictions to mitigate risk.

The BoE also summarises its future work on providing safeguarding facilities directly to NBPSPs, supporting the FCA and HMT on reforming the broader NBPSP regulatory framework to facilitate direct access to RTGS and engaging further with industry on the CHAPS direct participation threshold review.

PSR consults on remedies to address issues identified in market review

On 2 April 2025, the Payment Systems Regulator (PSR) published a consultation paper on remedies to address issues identified in its market review of Mastercard's and Visa's scheme and processing fees, released in March 2025 (see this Regulatory Outlook).

The PSR proposes the following:

- Information transparency and complexity remedies: in order to address its finding that information received from Mastercard and Visa can be insufficient for acquirers to understand the fees they are charged, which is likely to impact information received by merchants.
- Regulatory financial reporting: to enable the PSR to effectively monitor and understand the schemes' financial performance in the UK.
- Pricing decisions: requiring the schemes to pay due regard to specified pricing principles.
- Publishing information to increase transparency and accountability: to include publishing (i) suitable financial and performance-based metrics relating to the schemes' UK businesses and (ii) information about the schemes' regulatory financial reporting and pricing governance.

The consultation is open until 28 May 2025, after which the PSR is expected to consult on a specific proposed remedy package.

PSR updates timings for APP scams claims management consultation

The PSR has published an update on its consultation on an authorised push payment (APP) scams reimbursement claims management system (RCMS).

The PSR initially planned to consult in April 2025 to enable the PSR to take account of the broad direction of travel of the National Payments Vision. It now anticipates being able to consult within three to six months.

The consultation will not propose placing a regulatory mandate on PSPs to use a particular system for managing claims or for meeting the "reporting standard B" requirements.

Pay.UK's RCMS has been designed specifically to facilitate Faster Payments (FPS) APP scams claims management and to automate data reporting. The PSR does not consider that it is necessary or proportionate to use its regulatory powers to require PSPs to use the RCMS, or any other particular system. In its view, it is for PSPs, working with Pay.UK, to determine the best approach to meeting their regulatory obligations.

The consultation will request feedback on:

- A deadline for adopting reporting standard B by no later than December 2026.
- Placing any additional regulatory obligations on Pay.UK that may be necessary to enable it to most effectively meet its compliance monitoring obligations in Specific Direction 19.

In the interim, Pay.UK will continue to monitor compliance with the FPS reimbursement rules and the PSR will monitor compliance with its legal directions using the reporting standard A data.

The PSR is also considering the impact of this change on the timing and collection of sending and receiving firm data for its APP fraud performance data work beyond 2025.

As the PSR explains, effective claims management and receipt of quality compliance data are key elements of its APP scams reimbursement policy. It wants to see a consistent approach to claims management that is led and implemented by Pay.UK.

Consumer finance

FCA feedback statement on consumer duty rule review

On 25 March 2025, the FCA published a feedback statement (FS25/2) on immediate areas for action and further plans for reviewing retail conduct requirements, following the introduction of the consumer duty. The FCA plans to simplify its requirements of firms, covering commitments for immediate action and proposals for longer-term work, including:

- Streamlining requirements: the FCA will make it easier to navigate regulations for consumer finance, investment and mortgage firms by retiring over 100 pages of outdated guidance.
- Future-proofing disclosure: the FCA will review current prescriptive disclosure rules to give firms more flexibility to tailor communications to customers' needs and preferences.
- Reviewing the foundations: the FCA will revisit rules for businesses with customers outside the UK.
- Reducing the administrative burden: firms will be given more flexibility in applying requirements to help ensure that the regulatory regime is more outcomes-focused.

The FCA intends to set out further detail on next steps in September 2025.

FCA written submissions in motor finance appeal

On 1 April 2025, the FCA published its written submissions to the Supreme Court in the appeal of the Court of Appeal decision in *Johnson v FirstRand Bank Ltd (London Branch) t/a Motonovo Finance* [2024] EWCA Civ 1282, which was heard over three days from 1 to 3 April 2025.

In its submissions, the FCA states that "the sweeping approach of the Court of Appeal in (effectively) treating motor dealer brokers as owing fiduciary duties to consumers in the generality of cases goes too far". The submissions outline the regulatory framework, including section 140A of the Consumer Credit Act 1974, the Regulated Activities Order 2001, and the FCA's rules and guidance (in particular, the Consumer Credit Sourcebook). The FCA concludes by submitting that the court should "have regard to the careful balance that has been struck in the applicable regulatory scheme when determining the appeals".

The Supreme Court will consider five key issues:

1. When acting as credit brokers, do car dealers owe consumers a "disinterested" and/or fiduciary duty to provide information, advice or recommendation?

2. If so, were the payments of commissions by the lenders to the car dealers secret such that the lenders become primary wrongdoers?
3. Can the lenders be liable in the tort of bribery? If so, what is the correct approach to remedies?
4. If there was sufficient disclosure of the commission to negate secrecy, was there insufficient disclosure to procure the consumers' fully informed consent to the payment such that the lenders are liable as accessories for procuring the credit brokers' breach of duty?
5. Can insufficient disclosure also suffice to make the relationship between lender and consumer "unfair" for the purposes of the Consumer Credit Act 1974?

The outcome of the appeal is expected to be known by the summer 2025. For more, see our Insight.

FCA review of banks' bereavement and power of attorney policies

On 12 April 2025, the FCA published its findings following a multi-firm review into the bereavement and power of attorney policies in retail banks and building societies (collectively banks), as part of their review into firms' treatment of customers in vulnerable circumstances.

Although most banks displayed good practices, there were also many areas for improvement, with findings divided into four areas:

- **Policies and procedures**: guidance for staff should be easily accessible and understandable, and make clear that staff should adapt their style to customers' needs – recognising when matters should be escalated.
- **Identifying and responding to customer needs**: firms should actively identify information that could indicate vulnerability and, where relevant, seek further information from consumers in order to respond to their needs.
- **Outcomes testing and monitoring**: the FCA noted that there is scope for improvement in outcomes testing and monitoring across most of the banks reviewed – management information did not consistently give a clear picture of customer outcomes.
- **Customer journeys**: firms are encouraged to continue to design their customer journeys with vulnerable customers in mind, particularly for critical services such as bereavement and power of attorney.

The FCA has written to all banks in its review, highlighting findings and expected next steps.

Nikki Worden, Partner
T: +44 20 7105 7290
nikki.worden@osborneclarke.com

Paul Anning, Partner
T: +44 20 7105 7446
paul.anning@osborneclarke.com

Paul Harris, Partner
T: +44 20 7105 7441
paul.harris@osborneclarke.com

Kate Shattock, Senior Knowledge Lawyer
T: +44 20 7105 7421
Kate.shattock@osborneclarke.com

Food law

Food law

New regulations signal next step for precision bred plants in England

As reported last month, the draft Genetic Technology (Precision Breeding) Regulations 2025 that will implement the Genetic Technology (Precision Breeding) Act 2023 for precision bred plants in England have been published. Our recent Insight further explores the changes being introduced.

FSA announces £1.4 million funding for launch of new innovation hub

The Food Standards Agency (FSA) has received £1.4 million from the Department of Science, Innovation and Technology to establish a new innovation hub. This initiative, part of the Regulatory Innovation Office's mission, aims to foster a pro-innovation regulatory environment. The hub will focus on developing expertise in regulating precision fermented foods, ensuring these products are safe for consumption before reaching the market.

The funding will support the FSA in implementing the government's action plan, enhancing its ability to regulate cutting-edge technologies. Precision fermentation, an advanced form of traditional fermentation, creates specific ingredients like proteins, sugars, and fats. The hub will safeguard consumers and provide clear regulatory guidelines for innovators and investors. It will integrate the FSA's work on novel foods and genetic technology, alongside a sandbox for cell-cultivated products. Key goals include boosting scientific capacity, offering regulatory clarity, and supporting wider food innovation. Read more.

Welsh regulations restricting promotion of HFSS products by location and price come into effect

The Food (Promotion and Presentation) (Wales) Regulations 2025 came into force on 26 March 2025. The new regulations prohibit certain businesses from offering certain price promotions on less healthy food and from presenting such food in certain locations in bricks and mortar stores (such as shop entrances, aisle ends and checkouts), as well as in certain locations of an online marketplace. The regulations also ban free refill promotions on sugary drinks.

Food authorities in Wales can serve an improvement notice on anyone not complying with the restrictions and it is an offence not to comply with an improvement notice, the penalty for which is a fixed fine of £2,500.

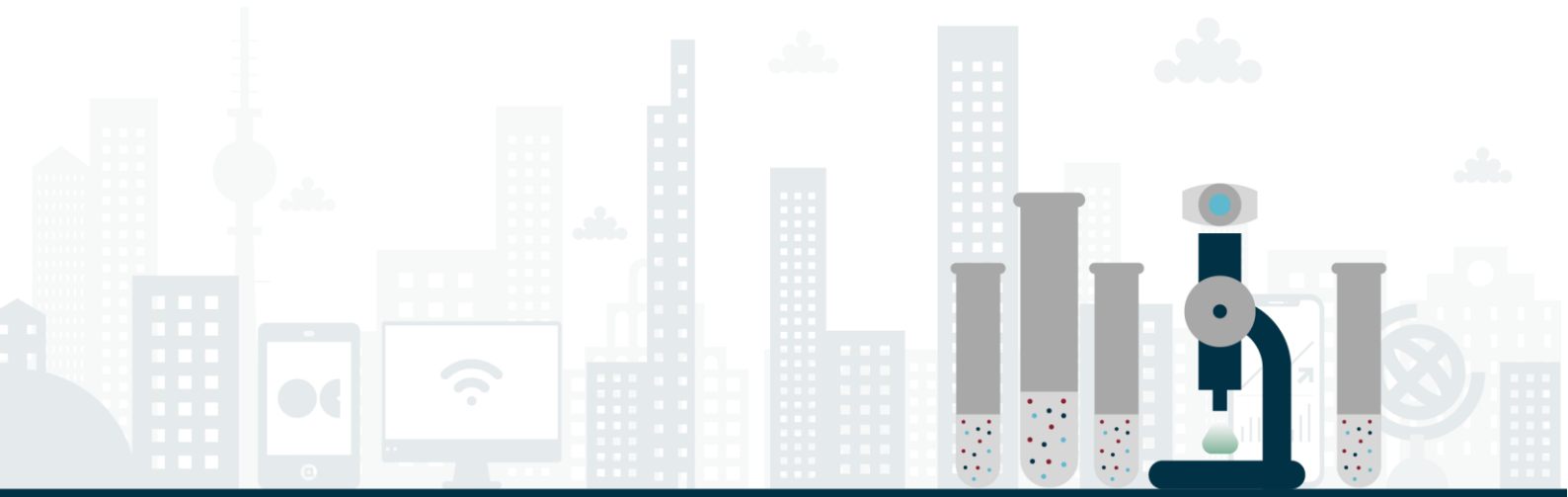
HFSS: government clarifies how advertising restrictions will apply to brand advertising

Please see Advertising and marketing.

Katie Vickery, Partner
T: +44 20 7105 7250
katie.vickery@osborneclarke.com

Veronica Webster Celda, Senior Associate
T: +44 20 7105 7630
veronica.webster@osborneclarke.com

Anna Lundy, Associate Director
T: +44 20 7105 7075
anna.lundy@osborneclarke.com



Health and Safety

Health and Safety

Martyn's Law receives Royal Assent

The Terrorism (Protection of Premises) Act 2025 received Royal Assent on 3 April, although further regulations will be introduced to bring it into force. There will be a two-year transition period to allow premises owners and events operators to prepare and for the establishment of the regulator. The Act is intended to ensure that public venues where at least 200 individuals may be present are better prepared in the event of terrorist attack, with enhanced duties for larger venues (over 800 people). For further details, see our Insight.

Stress awareness month

April is "Stress Awareness Month" and the Health and Safety Executive (HSE) invited employers and managers to complete the following five steps of HSE's Working Minds campaign throughout April.

These steps include: initiating conversations, identifying the signs and causes of stress, addressing any identified risks, evaluating agreed actions, and making these practices routine.

Even though April highlights the issue of work-related stress, businesses should always ensure measures are in place to mitigate the risks posed by work-related stress and that it is being managed properly.

Mary Lawrence, Partner
T: +44 117 917 3512
mary.lawrence@osborneclarke.com

Matthew Vernon, Senior Associate
T: +44 117 917 4294
matthew.vernon@osborneclarke.com

Reshma Adkin, Associate Director
T: +44 117 917 3334
reshma.adkin@osborneclarke.com

Georgia Lythgoe, Senior Associate
T: +44 117 917 3287
Georgia.lythgoe@osborneclarke.com

Alice Babington, Associate
T: +44 117 917 3918
alice.babington@osborneclarke.com

Amy Lewis, Associate
T: +44 117 917 4407
Amy.lewis@osborneclarke.com

Modern slavery

Modern slavery

UK companies need to be aware of the incoming EU Forced Labour Regulation

The regulatory spotlight has recently intensified on forced labour in supply chains in both the EU and the UK. Our Insight, co-written with Jamas Hodivala KC, on the EU's Forced Labour Regulation and the UK's increasing focus on the issue, will be of interest to those seeking to mitigate their supply chain risk.

EU Omnibus Package – 'Stop-the-clock' directive published in Official Journal

Please see ESG.

Chris Wrigley, Associate Director
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Alice Babington, Associate
T: +44 117 917 3918
alice.babington@osborneclarke.com

Products

Products

Jump to: General / digital products | Product sustainability | Life Sciences and healthcare

UK

Update on the Product Regulation and Metrology Bill

On 1 April 2025, the Product Regulation and Metrology Bill had its second reading in the House of Commons and has now moved to Committee stage. During its second reading, discussions were had around modernising regulations, concerns around the reliance on delegate powers, and potentially allowing for dynamic alignment with EU regulations without sufficient parliamentary oversight. The start of the Committee stage is to be announced.

In the meantime, the Public Bill Committee has launched a call for evidence on the bill. The Committee will report its findings by 5pm on Tuesday 20 May 2025, but may conclude earlier. Submissions are to be sent to scrutiny@parliament.uk.

EU

European Parliament and Council reach provisional agreement on new EU Toy Safety Regulation

The European Parliament and Council have reached a provisional agreement on the proposal for a Regulation on Toy Safety. Measures being introduced by the regulation are as follows:

Ban on harmful chemicals

- Expanded the ban on harmful chemicals to now include endocrine disruptors, PFAS (with exemptions for toy components necessary for electronic or electric functions of the toy where the substance or mixture is fully inaccessible to children), and the most dangerous types of bisphenols.
- Prohibition of skin sensitisers and fragrance allergens in toys for children under 36 months and in toys meant to be placed in the mouth.
- The regulation grants the Commission the authority to remove toys from the market if new risks emerge.

Digital product passport

- All toys sold in the EU will have to have a clearly visible digital product passport in the format of a data carrier, such as a QR code.

Safety assessment

- Manufacturers must conduct safety assessments on toys before placing them on the market covering chemical, physical, mechanical, and electrical hazards, as well as flammability, hygiene, and radioactivity. Where appropriate, assessments must consider children's specific vulnerabilities, including potential risks to mental health from digital toys.

Economic operators and online marketplaces

- The new rules clarify obligations for manufacturers, importers, distributors, and fulfilment service providers, aligning with other EU legislation like the General Product Safety Regulation and Ecodesign for Sustainable Products Regulation.
- Clarifies requirement for online marketplaces, including that they must now ensure the display of the CE mark, safety warnings, and a link to the digital product passport before purchase.

The agreement now needs to be formally agreed by both bodies. Once in force, the regulation provides for a 4.5 year transition period in order to give industry time to implement the new requirements.

Commission launches consultation on the Digital Product Passport

The European Commission has launched a public consultation on the future digital product passport. The aim of this is to gather stakeholder opinions on data storage and management by service providers and the necessity of a certification scheme for these providers. Feedback is to be made by 1 July 2025.

Sustainable products

Products

UK

New simpler recycling rules for workplaces in England come into effect

On 31 March, new regulations for workplace recycling and waste management came into effect across England. These changes aim to simplify the process, boost recycling rates, and reduce waste sent to landfills or incineration.

Key points with regard to these measures:

- Applies to workplaces with 10+ employees.
- Requires separation of dry recyclables (plastic, metal, glass, paper/card), food waste, and residual waste.
- Offers flexibility in container size and collection frequency based on waste volume.

The Environment Agency has said it is committed to assisting businesses to ensure compliance with the regulations.

Future measures include by 2026, local authorities will standardise recyclable waste collection, including weekly food waste collections. Kerbside plastic film collections from workplaces and households will be introduced by 31 March 2027. Guidance on the new requirements can be found here.

HSE provides update on work into PFAS

The Health and Safety Executive (HSE) has published its UK REACH Work Programme 2024/25 which contains updates on its work into per-and poly fluoroalkyl substances (PFAS), aka "forever" chemicals. In summary, it outlines that work is to continue this year into PFAS used in firefighting foam and the HSE will continue to gather evidence and conduct stakeholder engagement of wider use and manufacturing of PFAS. The plan provides some timelines on projected date for earliest initiation of a restriction, with the restriction on PFAS in consumer products earliest date being 2026/27.

However, given the slow progress in this area and the fact that the HSE has not yet initiated any consultation on PFAS restrictions in consumer products, we consider it unlikely that the restriction will be implemented as early as 2026.

Government launches inquiry into the risk of PFAS

The UK government is taking steps to look at the impact of PFAS, having launched an inquiry into their use.

The inquiry will assess whether current measures are sufficient to mitigate PFAS risks, and evaluate the capabilities of research institutions and the Environment Agency in detecting and monitoring the impact of PFAS. Additionally, it will compare UK regulatory mechanisms with other jurisdictions, including the EU and USA. Evidence can be submitted until 26 May 2025.

With the EU already moving towards restricting the use of PFAS, the UK government is also now addressing this issue. The steps taken following the conclusion of this inquiry will be crucial in shaping the country's approach to managing PFAS risks.

England's circular economy

Last month, the Department for Environment, Food and Rural Affairs (Defra) announced it would publish a new circular economy strategy in autumn 2025, building on the work of the Circular Economy Taskforce established in 2024. Defra has identified textiles, transport, construction, agri-food, and chemicals and plastics as the sectors with most potential for major economic gains from driving out waste.

EU

European Commission adopts working plan under Ecodesign for Sustainable Products Regulation

The European Commission has adopted its 2025-30 working plan for the Ecodesign for Sustainable Products Regulation (ESPR) and Energy Labelling Regulation. This set outs a list of products that should be prioritised to introduce ecodesign requirements and energy labelling over the next five years.

The first working plan focuses on four final products (textiles, furniture, tyres and mattresses), two intermediate products (iron and steel, and aluminium) and two legal acts setting out horizontal requirements (repairability and recycled content and recyclability of electrical and electronic equipment), in addition to a list of work carried over from the last ecodesign and energy labelling working plan.

Products

Below are the products in which ecodesign requirements will be introduced over the next five years along with the timeline for their adoption. Once adopted and following the delegated act entering into force, the ESPR requires an 18-month transition period before it applies, except in duly justified cases.

The ecodesign requirements will set out both performance (such as spare parts, replacement, energy efficiency) and information (such as technical documentation, user manual) requirements that businesses will need to incorporate into their products.

Final products

Final products are those directly used by consumers or businesses.

- **Textiles/Apparel**
  Indicative timeline: 2027
- **Furniture**
  Indicative timeline: 2028
- **Tyres**
  Indicative timeline: 2027
- **Mattresses**
  Indicative timeline: 2029

Intermediate products

Intermediate products are used as components or raw materials in manufacturing final products.

- **Iron and steel**
  Indicative timeline: 2026
- **Aluminium**
  Indicative timeline: 2027

Horizontal requirements

Horizontal requirements apply across multiple product categories to improve specific aspects like repairability or recyclability.

- **Repairability (including scoring)**
  Indicative timeline: 2027
- **Recycled content and recyclability of electrical and electronic equipment**
  Indicative timeline: 2029

Energy-related products

These products are carried forward from the previous working plan and include:

- **Low-temperature emitters** - Adoption: 2026
- **Displays** - Adoption: 2027
- **EV chargers** - Adoption: 2028
- **Household dishwashers** - Adoption: 2026
- **Household washing machines and household washer-dryers** - Adoption: 2026
- **Professional laundry appliances** - Adoption: 2026
- **Professional dishwashers** - Adoption: 2026
- **Electric motors and variable speed drives** - Adoption: 2028
- **Refrigerating appliances (including household fridges and freezers)** - Adoption: 2028
- **Refrigerating appliances with a sales function** - Adoption: 2028
- **Light sources and separate control gears** - Adoption: 2029
- **Welding equipment** - Adoption: end 2030
- **Mobile phones and tablets** - Adoption: end 2030
- **Local space heaters** - Energy label: adoption in 2026; Ecodesign requirements: adoption mid-2030
- **Tumble dryers** - Adoption: end 2030

- **Standby and off mode consumption** - Adoption: end 2030

Digital product passport

A key aspect of the ESPR is the digital product passport (DPP). Every product for which ecodesign measures will be adopted will have a digital product passport. The DPP will provide essential information about products, ensuring traceability and promoting sustainable trade. It will include details on material composition, substances of concern, and instructions for safe use, recycling and disposal.

Destruction of unsold goods

The ESPR allows for future bans on the destruction of unsold products. Currently, this ban includes apparel, clothing accessories, and footwear and comes into effect on 19 July 2025. For the first working plan, the Commission does not intend to bring any more products within scope of this provision.

New rules to reduce plastic pellets losses

The European Parliament and Council have reached a provisional agreement on new measures aimed at preventing plastic pellets losses throughout the supply chain. The agreement includes:

- Entities handling over five tonnes of plastic pellets in the EU, as well as EU and non-EU transport carriers and maritime operators, must take specific measures to avoid losses.
- Economic operators must establish risk management plans for installations handling plastic pellets, including procedures to prevent, contain, and clean up spills. Compliance certification is required for installations handling more than 1500 tonnes of pellets annually.
- Labels, packaging, or safety data sheets accompanying plastic pellets should include a specific pictogram and warning statement.

The regulation will apply two years after its entry into force. The provisional agreement now has to be endorsed by both the Council and the Parliament.

Lifesciences and healthcare

UK clinical trials regulatory reform

On 11 April 2025, the new clinical trials regulations were signed into law, marking the start of the 12 month implementation period. From 10 April 2026, the new regulations will come into effect aiming to strengthen patient safety, accelerate approvals, and boost innovation.

Key reforms include:

- Putting patient safety at the forefront.
- Cutting duplication and unnecessary delays.
- Creating a flexible regulatory environment including reducing bureaucracy for lower-risk trials.
- Aiming to reduce the time from application to first participant from 250 to 150 days.

Read more on the regulations in our January Regulatory Outlook.

MHRA issue statement on products containing CBD

The Medicines & Healthcare products Regulatory Agency (MHRA) has, on 14 April, issued a statement on products containing cannabidiol (CBD). The statement does not contain any new information but provides businesses with a useful reminder of the regulatory framework for products containing CBD. Two key messages are highlighted within the statement:

1. If marketing a CBD containing product that makes a medicinal claim, it will be considered a medical product and therefore companies must hold a marketing authorisation to sell, supply or advertise the product.
2. Companies need to be mindful that, if the product is not a medical product, it may need to comply with other regulatory frameworks, such as the novel food process.

Products

For an overview of CBD legislation across Europe, see our report.

Katie Vickery, Partner
T: +44 20 7105 7250
katie.vickery@osborneclarke.com

Peter Rudd-Clarke, Partner
T: +44 20 7105 7315
peter.ruddclarke@osborneclarke.com

Veronica Webster Celda, Senior Associate
T: +44 20 7105 7630
veronica.webster@osborneclarke.com

Thomas Stables, Senior Associate
T: +44 20 7105 7928
thomas.stables@osborneclarke.com

Anna Lundy, Associate Director
T: +44 20 7105 7075
anna.lundy@osborneclarke.com

Jamie Roberts, Associate
T: +44 20 7105 7345
jamie.roberts@osborneclarke.com

Regulated procurement

Regulated procurement

Spring Statement 2025 – modernisation of public services

In the Spring Statement given at the end of last month, Rachel Reeves made several announcements in regards to modernising public services. This involves the creation of the £3.25 billion Transformation Fund to support the modernisation of public services through AI and digital technology. The first allocations from the Transformation Fund include:

- £150m for government employee exit schemes;
- £42m for three pioneering Frontier AI Exemplars;
- £25m for the fostering system, including funding for 400 new fostering households; and
- £8m for new technology for probation officers.

Suppliers should keep an eye on the Central Digital Platform for any relevant upcoming procurements in relation to these areas.

In addition to this, announcements were also made in regards to defence procurement, notably driving faster innovative procurement. This includes an increase in the proportion of Ministry of Defence's equipment procurement spent on novel technologies such as dual use technologies, uncrewed and autonomous systems and AI-enabled capabilities, aiming to spend at least 10% from next year.

New guidance on pipeline notices

The Government Commercial Function has published new guidance for both contracting authorities and suppliers on UK1 pipeline notices which went live as of 1 April 2025. In scope contracting authorities, that is, those with a spend above £100 million in relevant contracts in the coming financial year, have until 26 May 2025 to publish their pipeline notices on the Find a Tender Service (FTS). These notices should include details of procurements they have planned in the next 18 months with an estimated value above £2 million. These must then be updated annually.

For suppliers the guidance outlines how they can see use the FTS to search for these notices which will be helpful for procurement teams to understand what procurements they may wish to bid for.

Court rules damages adequate remedy even if 'sufficiently serious' point not accepted

In *Millbrook Healthcare Limited v Devon County Council* [2025] EWHC 744, the court ruled in favour of the Council's application to lift the automatic suspension, finding that damages would be an adequate remedy for the claimant, Millbrook. The judge also dismissed the claimant's application for an expedited trial.

This judgment adds to the growing list of examples of claimants finding it difficult to hang on to the automatic suspension. In this judgment, the court was unpersuaded that damages would be an inadequate remedy for the claimant for matters such as significant financial losses, staff exodus, damage to reputation and competitive disadvantage. In particular, the court noted that the new contract represented a relatively small share of Millbrook's overall business turnover and the loss of one contract would not undermine Millbrook's ability to compete or its business model.

The most interesting aspect of the judgment relates to the court's consideration of how the decision in *Braceurself* that a breach must be "sufficiently serious" to warrant damages interplays with the adequacy of damages for the claimant. The claimant in Millbrook argued that damages were inadequate because, even if it succeeded at trial in proving that a breach had occurred, it might receive no damages if the breach was not deemed "sufficiently serious" by the court. It therefore argued that lifting the suspension would potentially leave the claimant with no substantive remedy at all.

The court rejected this argument, stating that the "sufficiently serious" breach criterion is irrelevant to the assessment of the adequacy of damages as a remedy. The court chose not to follow a recent decision of the High Court of Northern Ireland that went the other way. Instead the judge stated: "I take comfort in my conclusion to the opposite from a consistent host of eminent High Court judges endorsing the exclusion of the sufficiently serious criterion as part of the adequacy assessment, including in cases where the Defendant has not conceded the Francovich criterion."

The court granted the council's application to lift the suspension, finding that damages would be an adequate remedy for Millbrook, finding that maintaining the suspension would cause significant harm to the Council and its service users, outweighing the harms claimed by Millbrook.

The judgment shows yet again just how difficult it is for a commercial claimant to maintain the automatic suspension. The test that will be applied by the court in deciding whether to lift the automatic suspension in relation to procurements governed by the Procurement Act 2023 will be difficult, although whether it will lead to more suspensions being maintained remains to be seen.

Payment spot checks in public subcontracts

The government has published a new Procurement Policy Note (PPN) addressing the issue of payment spot checks in public subcontracts. This new guidance is binding on central government entities, including the NHS, and is recommended for voluntary adoption by other public sector organisations.

It applies to contracts with a total value exceeding £5 million that are advertised from 1 October 2025. The subcontracts affected are those which substantially contribute to the performance of the main public contract. Authorities are instructed to include an additional contractual term that enables them to conduct spot checks on compliance with the 30-day payment requirement for subcontracts. These checks are to be conducted randomly, with a particular focus on cases where there is an assessed increased risk of poor performance. The PPN mandates that such checks occur at least every six months from the contract award date.

Non-compliance with these checks would constitute a breach of contract, although it is unlikely to be serious enough to warrant termination on its own. The Public Procurement Review Service may investigate specific complaints against suppliers, subcontractors, or authorities, reinforcing the government's commitment to prompt payment measures. This new PPN does not therefore add significant further 'teeth' to the regime, but does serve to underline the importance the government places on prompt payment measures.

Guidance on data protection legislation

The government has published a PPN which sets out guidance for contracting authorities on data protection requirements under UK GDPR, and the UK International Data Transfer Agreement governing the export of personal data from the UK. This replaces and updates PPN 03/22. The PPN notes that this does not reflect a change in policy or a new call for action, but in-scope organisations should continue to apply any ongoing obligations set out in the provisions of this PPN.

Catherine Wolfenden, Partner
T: +44 117 917 3600
catherine.wolfenden@osborneclarke.com

Craig McCarthy, Partner
T: +44 117 917 4160
craig.mccarthy@osborneclarke.com

Laura Thornton, Associate Director
T: +44 20 7105 7845
laura.thornton@osborneclarke.com

Kate Davies, Associate Director
T: +44 117 917 3151
kate.davies@osborneclarke.com

Ashlie Whelan-Johnson, Associate Director
T: +44 20 7105 7295
A.WhelanJohnson@osborneclarke.com

Millie Smith, Associate
T: +44 117 917 3868
millie.smith@osborneclarke.com

Gabrielle Li, Associate
T: +44 117 917 3233
gabrielle.li@osborneclarke.com

Sanctions and Export Control

Sanctions and Export Control

OFSI publishes property and related services threat assessment report

The Office of Financial Sanctions Implementation (OFSI) published its property and related services sectors threat assessment report, outlining the threat to sanctions compliance in the property sector and related services (including UK property management firms, and relevant actors across the sector such as estate agents, letting agents, property managers, investors and developers). The report aims to assist property and related services firms with prioritisation as part of a risk-based approach to compliance by providing information on suspected sanctions breaches.

In particular, OFSI notes that since February 2022, just over 1% of all suspected breach reports were reported by property and related services firms. However, 7% of all suspected breaches reported by other firms involved the property sector. The report notes that this discrepancy indicates under-reporting by firms within the sector. OFSI emphasises that it values self-disclosure and timely reporting of suspected breaches; therefore, firms should take care to ensure they consider whether a report needs to be made when they become aware of suspected breaches.

The report also provides some helpful guidance on cross-sector "red flags" indicative of potential sanctions evasion. Property and related services firms are encouraged to review the report alongside its Frequently Asked Questions (FAQs) which provide further guidance and technical information on financial sanctions.

If you would like to discuss any of the issues raised in the report, please get in touch with your usual Osborne Clarke contacts or our experts below.

First criminal prosecution for Russia sanctions breaches

The National Crime Agency (NCA) announced the first criminal convictions it has secured for breaches of the Russia Regulations. Dmitrii Ovsiannikov, a former Russian government minister and his brother, Alexei Ovsiannikov, were found guilty of breaching UK financial sanctions under the Russia (Sanctions) (EU Exit) Regulations (Russia regulations).

Dmitrii Ovsiannikov was sentenced to 40 months' imprisonment, after being found guilty of knowingly breaching sanctions placed on him and money laundering offences. His brother, Alexei Ovsiannikov, was handed a 15 month suspended sentence, having also found guilty of circumventing sanctions regulations, through making economic resources available to his brother, a designated person.

Stephen Doughty, Foreign, Commonwealth and Development Office sanctions minister said: “When this government came to office, we made clear we were committed to making sure sanctions were used most effectively – and crucially, robustly enforced.". However, while the case illustrates the government's commitment to enforcement of UK sanctions, the judge's observations in the judgment raise questions about whether this type of breach warrants prosecution by the Crown Prosecution Service (CPS).

The judge noted that this case was "a country mile from the kinds of structures often seen in international fraud claims," characterising Dmitrii's actions as "naïve", "unsophisticated" and "driven by overoptimism," with no attempts to conceal his behaviour. Furthermore, Mr Ovsiannikov has successfully challenged his EU designation and challenging his own UK designation at the time the breaches occurred, with the judge accepting that he was likely to succeed. This suggests the breach was technical and unlikely to further the UK's sanctions regime.

Indeed, the judge stressed that he imposed the "lowest appropriate sentence" available to him and considered the most aggravating feature of the offence to have been Mr Ovsiannikov's involvement of his wife and brother – exposing them to criminal sanction as well. In particular, the judge expressed scepticism about the CPS' argument that it was important to send "a strong message to [the 3,600] designated individuals, to encourage compliance with the regime and deter breaches" noting that the "danger of over-emphasis must be guarded against".

However, the fact that the proceedings were brought – and were successful – only serves to highlight the increased multi-agency focus on UK sanctions enforcement and the government's commitment to using the full range of enforcement tools, including criminal prosecution and indicates that there is a risk of prosecution in all circumstances. It underscores the importance of thorough "know your customer" and due diligence checks to identify potential sanctions-related risks, even when a UK designated person is not directly involved in a transaction.

For further information, see the CPS press release and judgment.

OFSI key takeaways for industry on HSF Moscow Penalty

OFSI published a blog post detailing three key lessons that businesses should take away from the monetary penalty issued against HSF Moscow for breaches of Russia financial sanctions in March 2025 (read more in our previous Regulatory Outlook).

1. **Understanding your exposure to sanctions risks**: OFSI reminds firms to ensure they understand their exposure to sanctions risks and to take appropriate action to address them. In particular, parent companies with subsidiaries in areas that pose a heightened sanctions risk should also provide suitable advice and assurance to their subsidiaries.
2. **Adhere to organisational sanctions policies and processes**: Firms should follow relevant sanctions screening and due diligence measures in place within their organisation. OFSI emphasises that failure to comply with appropriate sanctions policies and procedures is likely to negate the mitigating factor of having them in place.
3. **Fully consider ownership and control:** Firms must carefully consider ownership and control, beyond whether an entity is directly subject to sanctions. OFSI states that it regards a failure to thoroughly consider and accurately identify clear ownership more negatively than an incorrect assessment of control made in good faith.

New Russian trade sanctions

On 24 April 2025, the Russia (Sanctions) (EU Exit) (Amendment) Regulations 2025 came into force, amending the Russia regulations. The government states that the new package aligns UK sanctions with international partners, including the European Union. It also serves as a helpful reminder of the breadth of export restrictions on trading with Russia. By way of example, "Coniferous wood in chips or particles" (Schedule 3) is now a restricted export to Russia.

The UK government announced the new package of trade sanctions under the Russia Regime, which includes export bans on products including chemicals, electronics, machinery, plastics, and metals, with the aim of further restricting Russian access to UK goods. It is now prohibited to transfer the following to a person connected with Russia or to a place in Russia:

- Schedule 2A (critical-industry goods and critical-industry technology);
- Schedule 3 (energy-related goods and energy-related technology);
- Schedule 3C (defence and security goods and defence and security technology);
- Schedule 3E (G7 dependency goods and G7 dependency technology); and
- Schedule 3I (Russia's vulnerable goods and Russia's vulnerable technology).

Additionally, there are new prohibitions on the transfer, making and ancillary services related to certain technology, sectoral software and technology, information flows associated with energy-related, advanced and industrial manufactured goods. These are detailed in:

- Chapter 4 (energy-related goods, energy-related technology and related activities);
- Chapter 4H (G7 dependency and further goods and G7 dependency and further technology);
- Chapter 4M (Russia's vulnerable goods and Russia's vulnerable technology); and
- Chapter 4N (sectoral software and technology).

Import bans have also been extended to cover synthetic diamonds processed in third countries and helium. These are detailed in:

- Chapter 4JC (certain diamonds processed in a third country);
- Chapter 4JD (certain synthetic diamonds processed in a third country); and
- Schedule 3DA (revenue generating goods).

OFSI has published a General Trade Licence [GBSAN0003] for sanctioned Russian synthetic diamonds processed in third countries. NTI 2953: Russia import sanctions has been updated to reflect the new measures, and further information can be found in the notice to exporters and the guidance for complying with sectoral software sanctions and technology transfer sanctions.

Sanctions and Export Control

Greg Fullelove, Partner
T: +44 20 7105 7564
greg.fullelove@osborneclarke.com

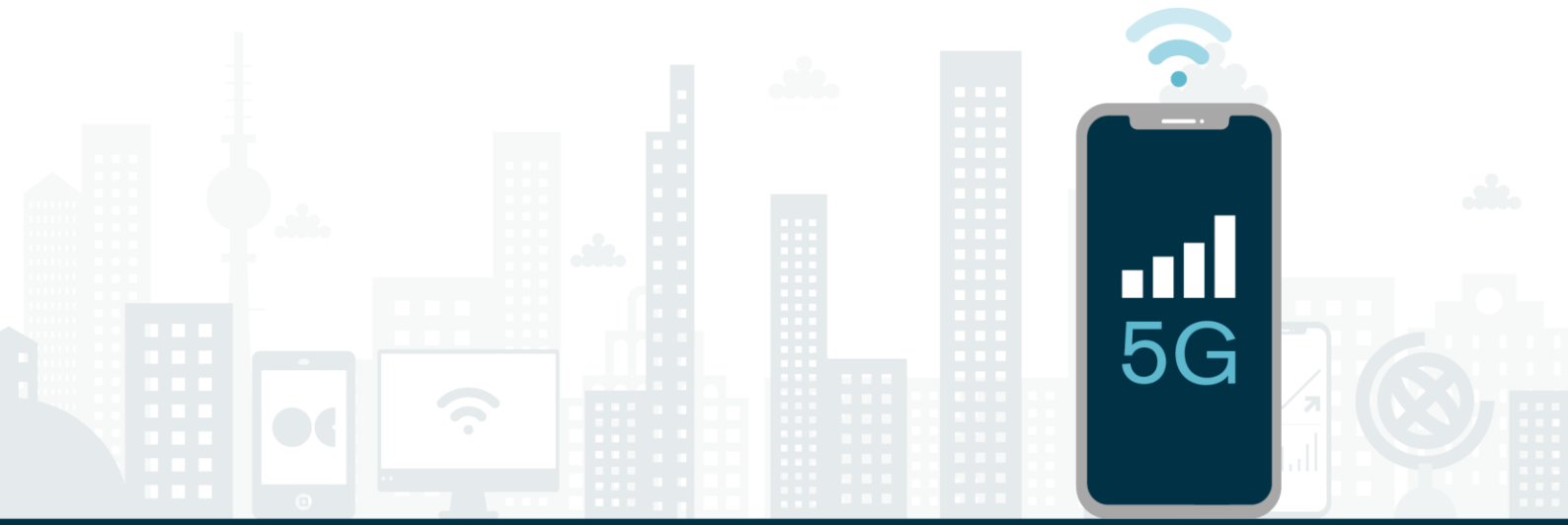
Kristian Assirati, Senior Associate
T: +44 20 7105 7847
kristian.assirati@osborneclarke.com

Nick Price, Partner
T: +44 20 7105 7496
Nick.price@osborneclarke.com

Chris Wrigley, Associate Director
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Galina Borshevskaya, Senior Associate
T: +44 20 7105 7355
galina.borshevskaya@osborneclarke.com

Carolina Toscano, Associate
T: +44 20 7105 7086
carolina.toscano@osborneclarke.com



Telecoms

Telecoms

Consultation on spectrum for satellite services

On 25 March 2025, Ofcom published a consultation on its proposals to authorise the use of mobile network operator (MNO) spectrum bands for satellite Direct to Device (D2D) services.

D2D services enable satellite connectivity to mobile phones in areas that are not covered by terrestrial mobile networks.

Ofcom is consulting on how best to authorise the use by D2D satellite services of most of the spectrum bands licensed to UK MNOs below 3 GHz. Their proposals include:

- Only permitting the provision of D2D services by satellite operators that are working with the MNO which is licensed to use the relevant frequencies; and
- Having as a condition of authorisation an obligation to manage the D2D network in a way that does not cause harmful radio interference to existing spectrum users in the UK and abroad.

Authorisation for mobile handsets to communicate with satellites using the licensed band(s) would be via:

- A licence exemption;
- A variation to the existing base station licence with an exemption; or
- A new licensing regime.

Stakeholders have until 20 May 2025 to respond.

Ofcom publishes finalised Plan of Work for 2025/2026

On 28 March 2025, Ofcom published its Plan of Work for 2025/2026. For more detail on the key issues this covers, please see our Regulatory Outlook from earlier this year.

Together with its 2025/2026 plan, Ofcom also shared its three-year plan. Ofcom's priorities over the next three years closely reflect this year's plan of works, but some highlights include:

- investing in the space sector and supporting satellite services;
- using monitoring and enforcement powers to ensure compliance with telecoms security laws; and
- promoting competition and investment in gigabit-capable broadband for 2026-31.

Jon Fell, Partner
T: +44 20 7105 7436
jon.fell@osborneclarke.com

Eleanor Williams, Associate Director
T: +44 117 917 3630
eleanor.williams@osborneclarke.com

Hannah Drew, Legal Director
T: +44 20 7105 7184
hannah.drew@osborneclarke.com

TK Spiff, Associate
T: +44 20 7105 7615
tk.spiff@osborneclarke.com

Matt Suter, Senior Associate
T: +44 20 7105 7447
matt.suter@osborneclarke.com