



## 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 the enactment of the Crime and Policing Act 2026, which introduces significant changes to corporate criminal liability for fraud and bribery offences and introduces provisions in relation to AI and online safety. See the AI, bribery, fraud and anti-money laundering, and digital regulation sections for more.*

May 2026

# Contents

- Advertising and marketing ..... 1
- Artificial Intelligence ..... 4
- Bribery, fraud and anti-money laundering..... 8
- Competition ..... 11
- Consumer law ..... 14
- Cyber-security ..... 16
- Data law ..... 19
- Digital regulation ..... 23
- Employment and immigration ..... 28
- Environment..... 31
- Environmental, social and governance..... 36
- Fintech, digital assets, payments and consumer credit..... 40
- Food law..... 44
- Health and Safety ..... 47
- Modern slavery ..... 49
- Products ..... 51
- Regulated procurement ..... 57
- Sanctions and Export Control ..... 59
- Telecoms..... 62





## Advertising and marketing

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# Advertising and marketing

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## **Tobacco and Vapes Bill receives Royal Assent**

The Tobacco and Vapes Bill received Royal Assent on 29 April, becoming the [Tobacco and Vapes Act 2026](#). Described by the [government](#) as a "step towards a smoke-free UK and protecting people from the harms of tobacco", the Act, among other things, prohibits the sale of tobacco to anyone born on or after 1 January 2009 and introduces several advertising-related restrictions.

**Advertising offences.** The Act makes it a criminal offence for a person, acting in the course of business, to publish, design, print or distribute, or cause the publication or distribution of an advertisement in the UK whose purpose or effect is to promote tobacco, vaping, nicotine or herbal smoking products and cigarette papers.

**Internet services.** Businesses carrying on operations in the UK that provide internet services through which prohibited advertisements are published or distributed also commit an offence. Exceptions apply to mere conduits, caching and hosting services, provided they promptly remove prohibited content or disable access to it upon becoming aware of it.

**Defences.** Defences are available where the advertisement is a trade communication directed solely at relevant persons in the industry, a reply to a specific request for product information, or contained in a publication printed and principally marketed outside the UK (except for in-flight magazines). A separate public health defence applies where a person reasonably believed that they were acting in accordance with arrangements made by a public authority for the purpose of promoting or protecting public health. Specialist tobacconists may advertise non-cigarette and non-hand-rolling tobacco products on their premises, provided the advertisement is not visible from outside and subject to other conditions.

**Brandsharing.** The secretary of state is empowered to make regulations prohibiting or restricting brandsharing in relation to tobacco, herbal smoking, vaping, nicotine products and cigarette papers.

**Sponsorship.** Sponsorship agreements whose purpose or effect is to promote tobacco products in the UK give rise to a criminal offence. A person commits an offence if they are party to an agreement under which a business contribution is made towards something whose purpose or effect is to promote a tobacco product in the UK, and they knew or had reason to suspect as much. Equivalent offences apply to agreements promoting herbal smoking, vaping and nicotine products and cigarette papers, but only where the agreement is entered into on or after the relevant commencement date.

**Corporate liability.** Where an offence under the Act is committed by a body corporate with the consent, connivance or neglect of a director or equivalent officer, that individual is also personally liable.

## **King's Speech: advertising aspects**

King Charles III opened Parliament on 13 May 2026 with the announcement of 37 bills his ministers would like to pass in this parliamentary session.

### ***Representation of the People Bill***

The Representation of the People Bill, which aims to "renew and protect" democracy, will, among other things, introduce measures to strengthen transparency around the rules for digital imprints: the markers that identify who is responsible for promoting political advertising.

Currently, third-party campaigners who spend under a certain threshold are not required to include imprints on their organic digital campaigning material. The new legislation will close this loophole by extending the digital imprint requirement to any person who is not a recognised third-party campaigner or individual.

### ***Sporting Events Bill***

The Sporting Events Bill aims to "support and enhance the UK's status as a world-leading host of major sporting events" by establishing a common legislative framework that can be applied to all major sporting events in the UK so that the UK can meet commitments to international sporting event owners "confidently" without having to legislate for each one separately. The framework will, among other things, protect commercial rights by introducing a UK-wide prohibition on unauthorised association with a sporting event and impose restrictions on advertising and trading in the vicinity of event locations.

See this [Insight](#) on other announcements in the King's Speech.

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## Advertising and marketing

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# Artificial Intelligence

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# Artificial Intelligence

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## UK updates

### King's Speech 2026: AI aspects

King Charles III opened Parliament on 13 May 2026 with the announcement of 37 bills his ministers would like to pass in this parliamentary session.

While there is no mention of any plans for further regulation of AI (including in respect of the continuing debate around [AI and copyright](#)), the new Regulating for Growth Bill will put regulatory "sandboxes" onto a statutory footing to allow businesses across the economy, through the temporary relaxation of existing rules, to test innovative AI products and other emerging technologies safely, in a real-world setting.

The Police Reform Bill will deliver reforms to policing by, among other things, "equipping the police with the technology and skills [they need]". This includes the introduction of a new legal framework governing the use of facial recognition and similar technologies. The framework will set out the situations in which the use of these technologies is justified and create a single, expert independent regulatory body to provide independent oversight and advice.

See this [Insight](#) for more on these and other announcements in the King's Speech.

### Crime and Policing Act 2026: AI-related provisions

The Crime and Policing Bill received Royal Assent on 29 April, becoming the [Crime and Policing Act 2026](#) (CPA). It contains several provisions in relation to AI and online safety:

- **Power to amend the Online Safety Act 2023 (OSA) in relation to AI.** The CPA amends the OSA to give the secretary of state powers to make regulations to minimise or mitigate the risks of harm presented by "illegal AI-generated content" and the use of "AI services" (an internet service capable of producing AI-generated content, which would encompass AI chatbots) for the commission or facilitation of "priority offences" under the OSA. The secretary of state is required to present a report by 31 December 2026 on the progress made towards making such regulations, unless draft regulations have already been laid before Parliament by then.
- **Priority offences under the OSA.** The existing offences of creating purported intimate images of an adult and requesting the creation of such images (including AI-generated deepfakes) are made priority offences under the OSA. Regulated online platforms will be required not only to remove such content from their services when they become aware of it, but also to take steps to prevent such content from appearing in the first place.
- **Child sexual abuse (CSA) image-generator offence.** The CPA creates a new criminal offence of making, adapting, possessing, supplying or offering to supply "CSA image-generators". A CSA image-generator is a tool which is "made or adapted for use for creating, or facilitating the creation of, CSA images", including AI models that have been optimised to create CSA material (CSAM) While AI-generated CSAM is already illegal to make, possess and distribute in the UK, these fine-tuned models are not currently illegal. This offence applies to corporate bodies as well as individuals.
- **Purported intimate image generator.** The CPA creates a new offence of making, adapting, supplying or offering to supply a "thing" (including a program, information in electronic form and a service) for use as a "generator of purported intimate images", which is defined as a "thing for creating, or facilitating the creation of, purported intimate images of a person". This covers AI deepfakes. Again, this offence applies to corporate bodies.
- **"Paedophile manuals" offence.** The CPA amends the existing "paedophile manuals" offence, which prohibits the possession of any item that contains advice or guidance about the sexual abuse of children, to include pseudo-photographs and prohibited images. This aims to ensure consistency between the approach taken for "real" CSAM and AI-generated abuse imagery, which can also feature real children.

### ICO sets out five steps to combat AI-powered cyber threats

In a blog post, the Information Commissioner's Office (ICO) has [set out](#) five steps for organisations to strengthen their resilience to AI-powered cyber threats.

- **Horizon scanning.** Key AI-powered risks include: AI-enhanced phishing, deepfake social engineering, automated vulnerability scanning and exploitation, AI-powered malware, credential stuffing, data poisoning and indirect prompt injection attacks.

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# Artificial Intelligence

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- **Cyber basics.** Layered defences are essential for AI powered threats, and robust patching processes should be maintained given the speed at which AI exploits known vulnerabilities.
- **Access control and supply chain.** Where AI is integrated into access control, the privacy and security implications of behavioural and identity data must be understood. Organisations should map what third-party suppliers can access and hold them to appropriate security standards, including through contractual requirements and proportionate due diligence.
- **Security monitoring and incident response.** AI can be a powerful defensive tool by flagging and containing threats at speed but should operate within a framework of human oversight and accountability.
- **Protecting personal data.** AI-powered attacks increasingly target personal data and the UK GDPR requires appropriate technical and organisational measures to protect it. Measures could include: data minimisation, data audits, staff training on AI-powered threats, data protection impact assessments for high-risk AI processing and adherence to the AI Cyber Security Code of Practice.

## Government publishes response to AI and copyright report

The House of Lords Communications and Digital Committee published its report on "AI, copyright and the creative industries" just before the government provided its [update on AI and copyright](#) in March 2026 (see this [Regulatory Outlook](#)). The government has now published its [response](#) to the Lords' committee report.

The response does not significantly advance the position set out in the March update (and the creative industries sector plan), but it identifies the following focus areas for the coming months:

- Consultation on digital replicas this summer.
- Establishment of a taskforce on AI labelling, which will put forward proposals to the government on best practice for labelling AI-generated content, with an interim report expected to be published in the autumn.
- Publication of a review of the mechanisms available for creators to control their works online, including standards, technical solutions and best practice on input transparency for AI model training.
- Launching a working group on independent and smaller creative organisations, which will explore whether there is a role for government to support their ability to license their content.
- Establishing the Creative Content Exchange intended to be a trusted online marketplace for licensing and facilitating permitted access to digitised cultural and creative assets.

The government gives no indication of what action it will take on the copyright issue itself, stating that it "no longer has a preferred option." It understands "the strength of feeling on this issue and will not introduce reforms to copyright law unless or until it is confident that they will meet our objectives for the economy and for UK citizens."

## EU updates

### EU legislators reach provisional agreement on Digital Omnibus on AI

On 7 May 2026, the [European Parliament](#) and the [Council of the EU](#) reached a provisional agreement on the Digital Omnibus on AI, proposal for a regulation seeking to simplify the implementation of certain harmonised rules under the EU AI Act. The key amendments to the European Commission's proposal include:

- A fixed timeline for the delayed application of high-risk rules.
- A new prohibition covering AI systems that generate non-consensual sexual or intimate content or child sexual abuse material.
- Reinstatement of the obligation for providers to register AI systems in the EU database for high-risk systems where they consider their systems not to be classified as high-risk.
- Reduction of the grace period to implement labelling requirements for AI-generated content from six months to three months, with the new deadline set for 2 December 2026.

One of the central disputes in the negotiations concerned AI systems integrated into products already subject to sectoral EU product law, such as machinery, elevators and toys. The co-legislators agreed on a mechanism to limit the AI Act's application where sectoral law contains similar AI-specific requirements, through implementing acts. A specific exemption from direct applicability of the AI Act was agreed for the Machinery Regulation, with the Commission empowered to adopt delegated acts under the regulation adding health and safety requirements in respect of AI systems that are classified as high-risk under the AI Act.

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# Artificial Intelligence

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See more information in this [Insight](#).

The agreement remains provisional. The Parliament and the Council must now formally adopt it. Upon adoption, the amendments will be published in the Official Journal of the EU and enter into force three days later. The co-legislators intend to complete adoption before 2 August 2026, the date on which the EU AI Act's high-risk AI rules are currently due to come into effect.

## Commission consults on draft guidelines for the classification of high-risk AI systems under the EU AI Act

The European Commission's [draft guidelines](#) are intended to assist providers and deployers of AI systems, as well as competent market surveillance authorities, in determining whether an AI system falls within the high-risk category and, if so, under which classification of high risk it falls. The guidelines contain practical examples of AI systems that should or should not be classified as high risk. They strive to cover all areas and use cases but are not intended to be exhaustive and may be updated over time.

The [consultation](#) closes on **23 June 2026**.

## Commission opens consultation on draft guidelines on AI transparency obligations under the EU AI Act

The European Commission has opened a consultation on the [draft guidelines on transparency obligations](#) to help providers and deployers meet the transparency requirements for AI systems under Article 50 of the EU AI Act. The obligations are officially set to take effect on 2 August 2026, but this date is likely to change subject to the agreement on the Digital Omnibus on AI (see above).

The Commission prepared these guidelines in parallel with the Code of Practice on marking and labelling of AI-generated content (final code expected in June 2026). According to the Commission, the guidelines will clarify the scope of the legal obligations and address aspects not covered by the code.

The [consultation](#) closes on **3 June 2026**.



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## **Bribery, fraud and anti-money laundering**

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# Bribery, fraud and anti-money laundering

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## SFO secures £14.8 million from British defence supplier over failures to prevent bribery

Ultra Electronics Holdings Ltd (UEH) has been ordered to pay a £10 million penalty and £4.8 million in SFO investigation costs within 30 days, following approval by Hillyard J [of a deferred prosecution agreement](#) (DPA) between the Serious Fraud Office (SFO) and UEH after it acknowledged accountability for failure to prevent bribery under section 7 of the Bribery Act 2010.

The penalty was calculated by applying a 300% multiplier to the harm figures, with a 45% discount for admissions and co-operation, rather than the full 50% reduction available, reflecting UEH's late disclosure of its Oman misconduct in 2022, and a further 10% totality reduction. UEH are also required to provide yearly compliance reports for three years to the SFO to demonstrate the effectiveness of its anti-bribery and compliance programme. In sentencing, the judge emphasised and took into account that UEH, following its acquisition by funds managed by Advent International LP in August 2022, is effectively a different entity from the one that committed the offences.

This is the SFO's first concluded corporate bribery DPA since its 2022 agreement with Glencore, reinforcing the SFO's ability to secure significant penalties against non-compliant entities. What is particularly notable is the benefit that new owners were able to derive from their own actions: cooperating with the SFO and implementing a compliance remediation programme after they purchased UEH. Behaviour post-acquisition was specifically called out in the DPA.

## EU anti-corruption directive published in the Official Journal

Minimum rules on criminal offences and penalties for corruption have been introduced by [Directive \(EU\) 2026/1021](#), which has now been published in the Official Journal. It will enter into force on 31 May 2026 and Member States must transpose it into national law by 1 June 2028. Preventative measures, including risk assessments and anti-corruption strategies, will be implemented at a national level by 1 June 2029.

The directive covers bribery, misappropriation, obstruction of justice, trading in influence, illicit enrichment linked to corruption and private-sector corruption. It also harmonises penalties across Member States and reinforces co-operation between national authorities and EU bodies, including the European anti-fraud office (OLAF), the European Public Prosecutor's Office (EPPO), Europol and Eurojust. As a result, Member States must adopt and regularly update national anti-corruption strategies, conduct risk assessments and ensure robust systems on conflicts of interest and political financing transparency.

These developments should help businesses with a multi-jurisdictional footprint to develop, adopt and oversee group-wide policies, systems and procedures to mitigate corruption and ensure compliance with applicable law.

## EU council adopts provisional agreement on EPPO and OLAF access to fight VAT fraud

The Council of the European Union adopted a provisional agreement on a proposal for a Council Regulation amending Regulation (EU) 904/2010 on administrative co-operation and combating fraud in the field of VAT.

The proposed regulation concerns access by EPPO and OLAF to key VAT data on cross-border business transactions, aiming to tackle intra-Community VAT fraud. In practice, the new framework will provide them with direct access to the information necessary to launch and support investigations under their respective competences.

The European Parliament is expected to adopt its opinion on the file in July 2026, following which the Council will formally adopt the regulation.

## AMLA publishes reporting package to identify entities for direct supervision

On 13 May 2026, the EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) published a [reporting package](#) to assist national competent authorities (NCAs) in identifying obliged entities that will come under AMLA's direct supervision from 2028. The package comprises a standardised reporting template and an interpretative note to ensure consistency across the eligibility assessment. Eligible obliged entities are credit institutions, financial institutions and groups of those entities operating in at least six Member States.

NCAs will collect data by 15 August 2026, with AMLA expecting to finalise the provisional list of eligible entities by the end of September 2026. It plans to host a public webinar on 10 June 2026 to guide entities through the template. Financial institutions operating across six or more Member States should begin assessing whether they are likely to fall within scope and engage with NCAs once reporting obligations are confirmed.

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# Bribery, fraud and anti-money laundering

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## Crime and Policing Act 2026 receives Royal Assent

[The Crime and Policing Act 2026](#) received Royal Assent on 29 April 2026. It introduces significant changes to corporate criminal liability for fraud and bribery offences. The government has indicated an anticipated commencement date of 29 June 2026, though this has not been confirmed.

Section 250 replaces the corporate criminal liability provisions in the Economic Crime and Corporate Transparency Act 2023 with a new and broader test: where a senior manager of a body corporate or partnership acts within the actual or apparent scope of their authority and commits a criminal offence under the law of England and Wales, Scotland or Northern Ireland, the organisation also commits that offence.

Notably for fraud and bribery exposure, this test applies across all criminal offences rather than a specified list, meaning that organisations may now face direct criminal liability for fraud, bribery and related economic crime offences committed by their senior managers.

A senior manager is defined as an individual who plays a significant role in making decisions about how the whole or a substantial part of the organisation's activities are to be managed or organised, or in actually managing or organising those activities.

Organisations should review their anti-fraud and anti-bribery compliance frameworks to ensure adequate oversight of senior management decision-making in light of this expanded basis of liability.



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# Competition

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## Merger control

The European Commission launched a public [consultation](#), which is open for comments until 26 June, on its updated [merger guidelines](#), published on 30 April 2026.

Its draft merger guidelines, which significantly overhaul the current EU merger control guidelines, are intended to "support companies to thrive, scale, and innovate" according to President Ursula von der Leyen. Their focus is on modernising the way mergers are assessed to provide more focus on industrial scale and global competitiveness alongside innovation and investment. Additionally, sustainability and resilience are accepted to be more relevant in competitive assessments. While some commentators have speculated that one of the motivations behind the updated guidelines is the promotion of "European champions", the head of the Commission's competition directorate has stated that the guidelines' "founding purpose remains unchanged: protecting strong, competitive markets without allowing an accumulation of power that can be abused".

Subject to the outcome of the public consultation, the updated merger guidelines are expected to be adopted by the end of this year.

Separately, the Competition and Markets Authority (CMA) has published a [blog](#) evaluating the first year of operating under its mergers charter. The charter outlined a commitment to pace, predictability, proportionality and process (often referred to as the 4Ps). The blog states that the CMA has received "very positive" feedback about its new processes and practices, which were introduced to deliver on its "4Ps" commitments as well as noting that the positive engagement of businesses and advisers is crucial.

The CMA notes that it sees the first year of the charter as having been a success on the basis that straightforward merger cases have been cleared in 25 working days or less and the 40 working day KPI for the pre-notification had been met in all cases it applied to. This may also result from the CMA's tendency to delay the start of the formal pre-notification stage until it is satisfied that it has all the information it needs to commence its pre-notification review.

With further changes to the merger landscape forming part of the King's Speech, there is potential for further movement in this area. The dealmaking community should follow these updates closely as they develop.

## CMA speech on competition and scaling

"The UK and Europe do not have a startup problem." There is no shortage of innovation, ambition or ideas. What is lacking are the "market conditions" to scale firms to success. This was the message delivered by Jessica Lennard, the CMA's chief strategy and external affairs officer, at the Tech.eu Summit London 2026.

The CMA will always be an enforcer of competition law, but also seeks to act as an enabler of competition, scale-ups and growth, advising government and advocating for interventions which support growth and investment. Ms Lennard gave three practical examples:

- **Understanding scaling firms.** Building on analysis from the CMA's Microeconomics Unit on high-growth firms, the Public Policy team will report on an engagement programme with startups and scale-ups across the UK's IS-8 Industrial Strategy priority sectors. Early findings indicate that scaling decisions are global, embeddedness matters, and firms seek regulatory predictability.
- **UK Public Procurement.** Worth nearly £400 billion, it is the largest tool available to shape markets, but is not currently designed to drive growth. The CMA aims to change this with pro-competitive thinking and also plans to use AI to tackle bid-rigging.
- **Regulation.** Where regulation is seen as a barrier to scaling, firms are not calling for weaker standards but for coherence, speed and certainty. The CMA will support the government to identify where regulation is unintentionally harming competitive dynamics.

Ms Lennard closed with an overview of the CMA's recent work in digital markets and the message: competition, done well, is a catalyst for scale, not a constraint on it.

The CMA continues to align itself with the government's pro-growth agenda. For businesses seeking to scale, this is positive. The CMA is looking at how it can help create the right market conditions for growth. In practice, this may mean greater predictability and the removal of regulatory barriers.

## Updated Transparency and Disclosure guidance

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## Competition

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The CMA recently consulted on proposed updates to its general guidance on transparency and disclosure. The guidance aims to ensure the CMA acts openly, fairly and efficiently: enabling parties to understand key case issues while protecting confidential information, ensuring procedural fairness, and enhancing the accountability and predictability of its decisions. The changes involve withdrawing previous guidance and revising its existing guidance in this area.

The revisions are twofold. First, the updated CMA6, presented in a new design to improve readability, consolidates guidance into a single document, with an annex identifying those sections of CC7 that are significantly amended or superseded by the updated statement. Second, the updates embed the 4Ps framework throughout. Specific changes include: expressly recognising that transparency helps interested persons identify inaccuracies and incomplete or misleading information; making clearer the link between timely responses to information requests and the pace of CMA work, and expressly referring to its aim to conduct information gathering in a targeted, efficient and proportionate manner; and clarifying the respective remits of the Procedural Officer, Procedural Complaint Adjudicator and General Counsel when reviewing complaints.

The updated guidance expressly links timely responses to the pace of CMA investigations, making prompt engagement ahead of CMA-imposed deadlines more important than ever. Businesses may also hope for more consistent and predictable conduct from the CMA.



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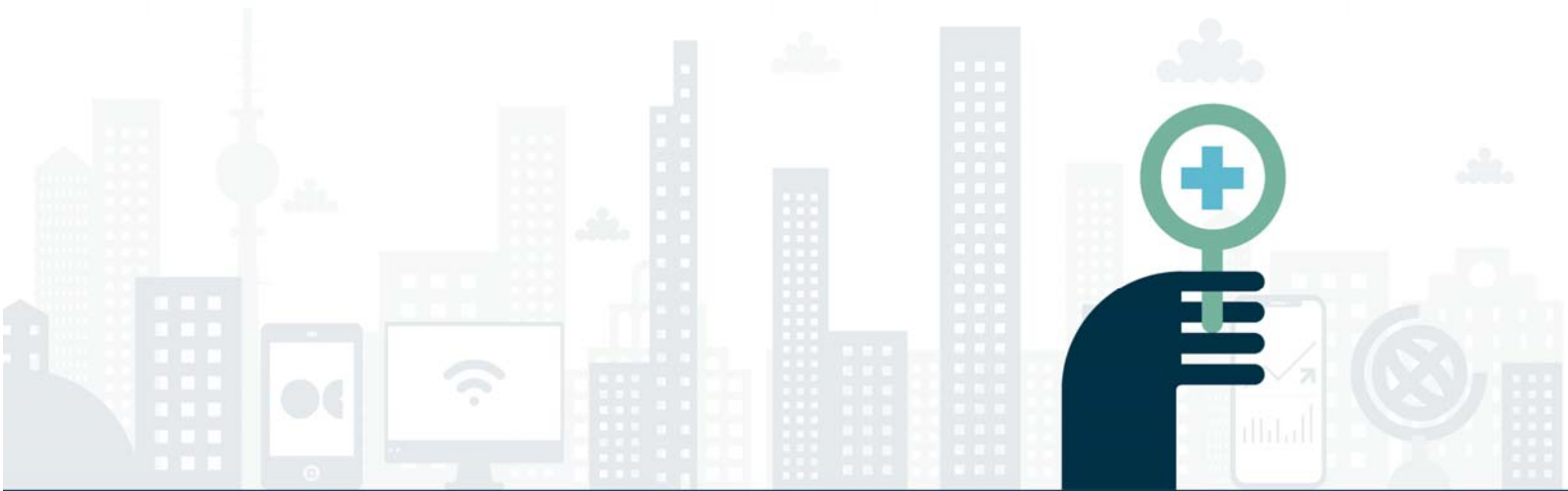
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## Consumer law

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# Consumer law

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## King's Speech 2026: consumer law aspects

King Charles III opened Parliament on 13 May 2026 with the announcement of 37 bills his ministers would like to pass in this parliamentary session.

### ***Ticket Tout Ban Bill***

The government will introduce a new draft bill to crack down on ticket touting by making it illegal to resell tickets for live events above their original cost. This follows last year's consultation, which resulted in the government committing to legislate for caps on resale tickets (see this [Regulatory Outlook](#)).

The draft Ticket Tout Ban Bill will also cap the service fees charged by resale platforms and prohibit individuals from reselling more tickets than they were originally entitled to purchase on the primary market. In addition, resale platforms will face strict accountability obligations to ensure compliance with the new rules and the Competition and Markets Authority will be given new powers to impose fines of up to ten per cent of global turnover on those found to be in breach.

Essentially, the aim of the measures is to ensure that ticket touting is no longer a profitable business, while still allowing consumers to resell tickets for events they can no longer attend.

### ***The Railways and Passenger Benefits Bill***

The government also intends to improve rail passengers' rights. The Railways and Passenger Benefits Bill will, as promised in the Labour manifesto, establish Great British Railways (GBR), a new publicly owned company that will bring track and train under a single body and ensure that the whole network is considered holistically. A new passenger watchdog will also be created, tasked with setting consumer standards for railways, investigating poor service and providing an independent rail ombudsman service to resolve disputes between passengers and operators. On ticketing, GBR will bring together the 14 existing train operator websites into a single, online platform and overhaul the current fares structure to make it simpler for passengers to identify the most affordable option.

See this [Insight](#) for other announcements in the King's Speech.



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# Cyber-security

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# Cyber-security

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## Cyber Security and Resilience Bill progress update

The [King's Speech](#) on 13 May 2026 confirmed that the bill will be carried over to the next session of Parliament.

## NCSC publishes new cross domain guidance

The National Cyber Security Centre (NCSC) has published new [guidance](#) on its approach to using cross domain architecture. Cross domain architecture describes a set of systems that allow information to be shared or processed across multiple security domains or classification levels. Effective cross domain architecture prevents the unauthorised flow of data (for example, from a classified to an unclassified network) and enables authorised transfers across different trust levels.

In addition to organisations sharing data with public bodies in sensitive sectors, particularly defence and intelligence, the NCSC emphasises that any organisation which could face harmful targeted attacks should be aware of the risks.

The new guidance describes effective end-to-end architecture and the types of likely threats an organisation may face. It sets out six new cross domain design principles, replacing the NCSC's previous security principles, which it no longer recommends adopting for any new end-to-end architecture.

The NCSC's [press release](#) promises future practical guidance on how to design cross domain architecture and select appropriate technology for implementation, as well as providing template cross domain patterns for secure data transfer.

## NCSC call to action for CNI sectors to follow its severe cyber threat guidance

The NCSC has [called upon](#) all organisations operating as part of a critical national infrastructure (CNI) sector, such as energy, health, or financial services, to plan their responses to severe cyber threats, per its [guidance](#) from earlier this year.

It emphasises that not all severe cyber attacks will be prevented, so cyber resilience includes the ability to continue operating critical services while recovering from the attack. Given the urgent time pressures involved, the NCSC reminds organisations that they must have plans in place, ready to deploy in the event of a severe cyber attack.

## International cyber security warning of risks of using agentic AI

The NCSC has [co-published guidance](#) on how to use caution when adopting agentic AI services, collaborating with its counterparts in Australia, Canada, New Zealand and the US.

The guidance points out that agentic AI involves many of the same risks that organisations already face (such as access control, incident responses and supply chain risks) but also comes with a new set of risks. AI agents can act unpredictably or interpret instructions in an unexpected manner. It may be more difficult to identify (and explain) when and how something has gone wrong, as agents act quickly and can access external systems. Any organisation using an AI agent should remember that a human remains accountable for its actions and their consequences.

The guidance advises organisations to take a gradual approach, starting with using agents for only discrete low-risk tasks, while keeping established cyber security controls in place. It also reminds organisations to apply cyber security best practices to minimise risks, such as by applying least privilege, constraining the access and abilities of the agent, using temporary credentials and secure defaults, and conducting threat-modelling and incident response planning.

## ICO publishes guidance on AI-enabled cyber attacks

The Information Commissioner's Office (ICO) has published advice on the enhanced cyber security threats posed by AI. These include more convincing phishing attacks and deepfakes; more rapid capabilities for vulnerability-scanning and brute-force attacks; malware that uses AI to adapt to avoid detection; corrupted training data; and the embedding of malicious instructions in content processed by an AI (prompt injection).

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## Cyber-security

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The ICO recommends layering defences, thereby giving more time for vulnerabilities to be patched before an AI tool can detect and exploit a vulnerability in another layer. It also advises organisations to enforce access restrictions by using multi-factor authentication, applying least privilege, and holding third-party suppliers to appropriate standards. Organisations should also monitor suspicious activity and conduct penetration testing. AI can itself be used to support these processes.

None of the ICO's recommendations are unique to AI-enabled cyber attacks, but the increased speed and capabilities brought by AI mean that it is even more crucial to implement cyber security best practices.

### DSIT publishes cyber security breaches survey 2026

The Department for Science, Innovation and Technology (DSIT) has published its [Cyber Security Breaches Survey for 2025-26](#).

Key findings and conclusions include:

- The overall prevalence of cyber security breaches or attacks has remained in line with the previous survey, with 43% of UK business and 28% of charities having experienced a breach or attack. However, this increases to 69% when looking at large businesses, underlining the importance of having robust cyber defences in place.
- There remains a resilience gap between large firms and SMEs.
- An increased number of businesses reported a loss of revenue or share value (5%) or reputational damage (3%) as a result of a cyber breach or attack.
- Cyber security was considered a high priority for senior management in businesses and charities, although lower than previous years. Given the potentially disruptive and costly nature of a cyber attack, boards should keep cyber defence and resilience high on their lists of priorities.

### DSIT publishes cyber security sectoral analysis 2026

DSIT has published its annual [Cyber Security Sectoral Analysis](#) for 2026.

Findings include:

- Growth of 11% for the UK cyber security sector, with revenue of £14.7 billion generated.
- 47 deals within cyber security firms in 2025 raised £184 million in investments.
- 967 public procurement contracts representing a value of £1.5 billion were awarded in 2025, a 62% increase from 2024.
- The sector continues to face challenges of inertia and budget constraints in take-up by SMEs.

111 firms in the UK are offering cyber security products or services specific to AI systems. Of these, 32 are focused exclusively or primarily on AI. This is DSIT's first update on AI in the cyber security sector.



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# Data law

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# Data law

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## UK updates

### ICO publishes its final guidance on the use of storage and access technologies

The Information Commissioner's Office (ICO) has published its final [guidance on the use of storage and access technologies](#) (previously its "detailed cookies guidance"). It explains how the Privacy and Electronic Communications Regulations (PECR) and data protection laws apply when organisations use technologies that store information on, or access information stored on, a person's device.

The Data (Use and Access) Act 2025 added three new exceptions to the prohibition on storing or accessing information on people's devices without consent. They came into force in February 2026, and the ICO has addressed them in its guidance:

- Statistical purposes exception applies when the sole purpose of the storage or access is to enable an organisation to collect statistical information about how its service or website is used, with a view to making improvements (for example, total website visits or device types).
- Appearance exception applies when the purpose of the storage or access is to adapt the way a service appears or functions in line with the subscriber's or user's preference (for example, identifying monitor dimensions to reconfigure a webpage to adapt to a screen or detecting operating system preferences such as a colour theme).
- Emergency assistance exception applies when the sole purpose of the storage or access is to identify the geographical position of the subscriber's or user's device to provide emergency assistance.

Both the statistical and appearance exceptions require organisations to provide users with a "simple and free" means to opt out.

The guidance explains that these exceptions can only be relied on where storage and access technologies are only used for purposes covered by the exceptions, not for any other purpose at the same time. According to the ICO, if one purpose meets the requirements of an exception but another does not, a user's consent is required for the storage or access. These technologies are routinely used for multiple purposes, so this guidance from the ICO represents a significant obstacle in practice.

### ICO publishes advice to government on creating online advertising exceptions under PECR

The new exceptions outlined above do not extend to advertising. However, as part of its [online tracking strategy launched in 2025](#), the ICO has been exploring whether certain low-risk online advertising activities could be delivered without requiring consent under PECR. In May 2026, the ICO [published its advice](#) to the government on this issue. It is intended to help inform government policy-making as it considers whether to introduce an exception for certain online advertising purposes through secondary legislation under regulation 6A of PECR.

In the ICO's view, amending regulation 6 could bring practical benefits: websites and apps would no longer be required to obtain consent in circumstances where only low-risk advertising is involved, thereby reducing consent fatigue, while preserving the requirement for consent in cases where advertising relies on more intrusive forms of tracking or profiling.

### ICO publishes final guidance on 'soft opt-in' for charities

The ICO has [published](#) its final guidance on the "charitable purposes soft opt-in" provision introduced by the DUA Act, which came into effect on 5 February 2026. The new exception allows charities to send electronic mail for marketing purposes without obtaining prior consent where:

- the only purpose of the marketing is to support one or more of the charity's charitable purposes;
- the charity collected the person's contact details when that person was showing interest in one or more charity's charitable purposes at that time, or offering or providing support for one or more of those purposes; and
- the person has been given an easy way to "opt out" (free of charge except for the costs of sending the refusal), both when the details were first collected and, if the person did not initially refuse, with each future marketing message.

See more in this [Regulatory Outlook](#).

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## Data law

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To reflect these changes, the ICO has updated its [guidance on direct marketing using electronic mail](#), which now sets out [how charities can use the provision](#) and what safeguards must be in place.

### ICO updates children's guidance

The ICO has updated its "[Children and the UK GDPR](#)" guidance to reflect changes introduced by the DUA Act.

The ICO states that its updated guidance includes new practical case studies and examples, addresses the new recognised legitimate interests basis and its application to children's data, and provides further detail on profiling and automated decision-making. The ICO has also clarified information society services obligations and their relationship to the standards of the Children's Code. In addition, the guidance now draws clearer links with wider regulatory frameworks, including the Online Safety Act 2023 and Ofcom codes and age assurance expectations.

### Court of Appeal rules in *RTM v Bonne Terre Ltd* that consent is purely objective

In [RTM v Bonne Terre Ltd \(2026\)](#), the Court of Appeal delivered a ruling on the test for establishing consent under the UK GDPR and PECR.

The claimant, RTM, described himself as a reformed problem gambler. Before overcoming his addiction, he had used Sky Betting and Gaming (SBG)'s online platform. When activating his account, he had clicked "accept and close" on a cookie banner. SBG had then placed cookies on his devices and browsers, processed his personal data and sent him targeted direct marketing material. RTM argued that these activities had fed his compulsive gambling and caused him to suffer significant financial loss. He issued proceedings against SBG, claiming that his consent to the processing of his personal data was never legally valid.

The High Court agreed but SBG appealed. See this [Regulatory Outlook](#) for the summary of the High Court's ruling.

The Court of Appeal allowed the appeal and remitted the case to the High Court. It held that:

- Consent is constituted by an act, not a state of mind, and that the criteria for valid consent are all objective in nature. The first lawful basis for processing is that the data subject has "given" their consent. Therefore, the data subject must have taken some clear affirmative action. Further, as the legislation states, consent means an "indication" of the data subject's wishes that "signifies agreement" to that processing.
- The requirements in the GDPR that consent be "freely given, specific, informed and unambiguous" are likewise all objective in nature and whether they are satisfied is assessed by reference to the data subject's "indication" of consent and its context, including communications between the data subject and the data controller and the structural character of the relationship between them.
- A data controller is not required to demonstrate what was in the data subject's mind, nor to consider whether the data subject was vulnerable such that they were unable to make a fully autonomous decision.

The Court of Appeal also rejected arguments that a data controller's actual or constructive knowledge of a user's personal circumstances or state of mind is relevant to whether consent is established. It further observed that the effect of the High Court's approach would mean that a data controller, such as SBG, could never guarantee compliance, as there would always be the possibility of an unknown vulnerability impairing a user's ability to consent – consequences that could extend well beyond gambling to other sectors. The Court of Appeal further noted that the High Court's introduction of a subjective test for the issue of consent was legally novel and its precise nature elusive.

With the Court of Appeal confirming that the test for consent is a purely objective one, the ruling provides legal certainty for businesses that rely on consent-based processing of personal data.

### ICO sets out five steps to combat AI-powered cyber threats

See [AI section](#).

## EU updates

### EU legislators reach provisional agreement on Digital Omnibus on AI

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## Data law

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See [AI section](#).



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# Digital regulation

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# Digital regulation

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## Online safety and age assurance

### King's Speech 2026

King Charles III opened Parliament on Wednesday 13 May 2026 with the announcement of 37 bills his ministers would like to pass in this parliamentary session.

The government made no commitments to introduce any standalone online safety measures, but this does not mean that this area, particularly in relation to protecting children online, is not still a priority for it. The primary reason for no mention is, presumably, because the government's [consultation](#) on children's online safety, exploring whether to ban social media for under-16s, restrict addictive features or impose curfews on children's use of the platforms, only closed on 26 May. In addition, the new Children's Wellbeing and Schools Act 2026 contains an obligation for the government to take some form of action once the consultation closes (see more below).

There are, however, a number of online safety measures woven into a new National Security Bill. This bill will criminalise the creation and sharing of the most harmful violent material online to stop the spread of content that glorifies, trivialises or normalises serious violence. Law enforcement will gain new powers to disrupt individuals encouraging violence online and reduce the circulation and supply of such material. The aim is to do this in a proportionate way to protect freedom of expression and legitimate public-interest activity.

See this [Insight](#) for other announcements in the King's Speech, including in advertising and consumer law and AI.

### UK Crime and Policing Bill enacted

The Crime and Policing Bill received Royal Assent on 29 April 2026 becoming the [Crime and Policing Act 2026](#) (CPA). It introduces several amendments to the online safety regime in the UK, including banning so-called "nudification" apps. Various "priority offences" have also been added to the Online Safety Act 2023 (OSA), with a particular focus on non-consensual intimate image content:

- **Intimate image takedown duty.** Regulated user-to-user services will be subject to a new duty to take down intimate image content within 48 hours of such content being reported to the service. An equivalent duty will apply to regulated search services within the same timeframe, requiring them to ensure that individuals can no longer encounter such content.
- **Personal criminal liability.** A person who has received a confirmation decision from Ofcom containing an "intimate image content requirement", but who fails, without reasonable excuse, to comply with that confirmation decision, that is, removing relevant content within 48 hours, will be committing a criminal offence. This would apply to the responsible officers of a regulated provider.
- **New priority offences.** The CPA creates several new criminal offences relating to the possession and publication of certain pornographic images and also makes them "priority offences" under Schedule 7 of the OSA. The existing criminal offences of creating, and requesting the creation of, a purported intimate image of an adult, which includes AI-generated images, is also now a priority offence under Schedule 7 of the OSA.
- **Powers to address AI-generated content.** The CPA grants the secretary of state new powers to make regulations to amend any provision of the OSA to minimise or mitigate the risks of harm presented by "illegal AI-generated content" and the use of "AI services" (described as an internet service capable of producing AI-generated content, which would encompass AI chatbots) for the commission or facilitation of "priority offences". This includes powers to impose various OSA duties that regulated providers of both search and user-to-user services currently have to comply with in relation to illegal content, as well as other duties.

The CPA also creates a number of new criminal offences with online safety implications, including criminalising the making or supplying of child sexual abuse (CSA) image-generators, including AI models that have been optimised to create CSA material, and purported intimate image generators (which covers AI deepfakes). See more in the [AI section](#).

### UK Children's Wellbeing and Schools Bill enacted

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## Digital regulation

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The Children's Wellbeing and Schools Bill received Royal Assent on 29 April, becoming the [Children's Wellbeing and Schools Act 2026](#). It gives the government powers to make regulations requiring providers of specified internet services to prevent or restrict access by relevant children to such services, or to specified functionalities or features of such services.

This follows the Lords finally standing down, during the Parliamentary "ping-pong" process that the bill went through, on their amendment for a social media ban for children under 16. The government made minor concessions to the Lords, [confirming](#) that "it is a question of how we act, not if" and that, to make this clear, it has changed the statutory requirement on the secretary of state to exercise its powers to regulate, as it considers appropriate once the [consultation](#) entitled "Growing up in the online world" has concluded, from "may" to "must".

In addition, the secretary of state must provide a progress report on its efforts to make further regulations, together with a timeline for making the regulations, within three months of Royal Assent. It must then lay any regulations it has decided to make before Parliament within 12 months. However, the government has said that it intends to "move faster" and that its aim is to do so "by the end of the year".

The Act also amends the UK GDPR, providing the secretary of state with powers to change the age of consent in relation to the processing of a child's personal data, not to an age lower than 13 years or higher than 16 years.

The government has also said that, regardless of the consultation outcome, it will "impose some form of age or functionality restrictions for children under 16", and that any consideration of restrictions, such as curfews, will be in addition to that, not instead of it. The government has confirmed that it is "focused on addictive features, harmful algorithmically-driven content and features such as stranger pairing".

### European Commission sets out a common approach for EU-wide age verification technologies

The Commission has [adopted](#) a recommendation on establishing a common framework for EU-wide age verification technologies. Among other things, it recommends that Member States make available, by 31 December 2026, an EU age verification solution, either integrated in the European Digital Identity Wallet or provided as a stand-alone application, or both. The Commission presented its final EU age verification app in April 2026 – see this [Regulatory Outlook](#).

The Commission also recommends that Member States submit an implementation plan to the Commission by 30 June 2026, and work with their Digital Services Coordinators, other Member States, the Commission, researchers and civil society in the roll-out of their national solutions.

The Commission will also set up an EU Age Verification Scheme with requirements that providers of proof of age attestations and age verification solutions must meet in order to be added to the EU trusted proof of age attestation providers list or the EU trusted solution list.

## UK Online Safety Act updates

### Ofcom shares its online safety priorities for year ahead

Following publication of its [plan of work for 2026/27](#), Ofcom has [shared](#) further details on its priorities for both implementing and enforcing the OSA.

Ofcom notes that the OSA is "extremely ambitious", covering over 130 priority offences and more than 100,000 services. It is still implementing parts of the regime while simultaneously addressing new or upcoming legislation and pursuing enforcement action. This means that it has had to make choices about where to concentrate its efforts.

In relation to implementation, it has published an [updated roadmap](#). As for the new legislation it refers to, for example the new priority offences introduced under the CPA (see above) and any additional measures arising from the government's [consultation](#) on children's digital wellbeing, Ofcom notes that "substantial" policy work will be required. As for enforcement, Ofcom has, to date, been concentrating on protecting children by ensuring that pornography sites and other services have effective age assurance measures in place. It now plans to expand its compliance programmes to tackle fraud, child sexual

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## Digital regulation

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abuse and grooming, focusing on both larger services and smaller but risky ones. Child protection work will continue to take priority, but Ofcom will also focus on countering terrorism and illegal hate, as well as the protection of women and girls online.

### Ofcom announces the addition of 'hash matching' to its illegal content codes

Ofcom has [announced](#) that it is adding a recommendation to its Illegal Content Codes of Practice that certain service providers use automated detection technology ("hash matching") to detect and reduce the spread of illegal intimate images shared online without consent, including explicit deepfakes. This will apply to:

- Providers of user-to-user services that are high risk for intimate image abuse and either: (i) have as their principal purpose the hosting or dissemination of regulated pornographic content; (ii) are file-sharing and file-storage services; or (iii) have more than 700,000 monthly active UK users.
- Providers of large user-to-user services that are medium risk for intimate image abuse.
- Providers of large general search services.

This new recommendation aligns with the ban on so-called "nudification" tools and the requirement to take down non-consensual intimate images within 48 hours, contained in the CPA (see above), and should, Ofcom says, "make a material difference in protecting women and girls online".

The amendment to the code is expected to come into force in autumn 2026. Ofcom also intends to announce, at the same time, further safety measures as proposed in last year's [consultation](#), "Pushing platforms to go further".

## UK Media Act updates

### Ofcom publishes draft code of practice for Tier 1 services

On 1 April 2026, the On-demand Programme Services (Tier 1 Services) Regulations 2026 came into force. They define "Tier 1 services" in the Media Act's new video-on-demand (VoD) services regime as on-demand programme services (ODPS) (and qualifying non-UK ODPS) with more than 500,000 average monthly UK users (see this [Regulatory Outlook](#) for background).

Ofcom has now published for [consultation](#) its draft Tier 1 Standards Code. The code includes rules on protecting under-18s, harm and offence, crime, disorder, hatred and abuse, religion, due impartiality and due accuracy, elections and referendums, and fairness and privacy. It is designed to supplement the existing ODPS rules, rather than replace them. The rules essentially impose content standards for Tier 1 services that are broadly comparable to those applicable to traditional, linear broadcasters.

Ofcom has also published for [consultation](#) a new code setting out accessibility requirements for Tier 1 services. It introduces mandatory service access quotas, covering subtitles, audio description and signing, alongside reporting and awareness obligations.

The deadline for responses to both consultations is **7 August 2026**.

### TSS and EPG regulations laid before Parliament

Under the new online availability and prominence regime introduced by the Media Act, connected TV platforms (referred to as "television selection services" (TSS)) designated by the secretary of state will be required to ensure that PSB TV apps designated by Ofcom, as well as their public service content, are available, prominent and easily accessible. Ofcom [published](#) its recommendations to the secretary of state on the designation of TSS in December 2025.

The government has now laid the [Television Selection Services \(Designation\) Regulations 2026](#) before Parliament. The TSS regulations, which come into force on 1 July 2026, designate the TSS that will be caught by the new prominence regime. The government has agreed with Ofcom's recommendation to designate 15 TSS.

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## Digital regulation

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Further, the government has laid the [Regulated Electronic Programme Guide \(Prescribed Description and Transitional Arrangements\) Regulations 2026](#) before Parliament. These regulations, which come into force on 16 June 2026, update the meaning of TV electronic programme guides (EPGs) – the on-screen menus integrated into TVs, set-top boxes and apps – and extend audience protections and accessibility requirements to newer TV guide services. They also close the current loophole in the existing framework to bring into regulation certain TV guide services that previously fell outside regulation.



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# Employment and immigration

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# Employment and immigration

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## Employment

### Industrial relations reforms: three changes not to overlook

The Employment Rights Act 2025 (ERA) introduces wide-ranging reforms to the UK industrial relations landscape that risk being overshadowed by other high-profile reforms, including those on unfair dismissal, fire and rehire, and harassment.

Three key changes under the ERA are aimed at making it easier for unions to gain recognition in workplaces: the simplification of statutory recognition, new rights of access, and a duty to inform workers of their right to join. Union focus is also shifting from traditional industries such as manufacturing and engineering to sectors such as retail, media and technology.

Businesses operating in these sectors (many of which have historically had limited exposure to union engagement) should take particular note of the industrial relations reforms introduced by the ERA. See this Insight for more on [the scope of these reforms and the proactive steps employers can take](#) to prepare for them.

### Structuring the provision of death benefits in the workplace effectively

Employers who provide death in service benefits can offer meaningful financial support to employees and their families, but only if those schemes are structured correctly, members understand what is and is not covered, and those responsible for administering the scheme are ready to act when the worst happens.

With changes to the tax treatment of pension scheme death benefits due to take effect from 6 April 2027, the choice between a registered scheme and an excepted group life scheme is becoming increasingly important for a wider group of employees. See [more details on the upcoming changes](#).

## Contingent workforce

The Working Lives report (commissioned by the former Office of the Director of Labour Market Enforcement for the newly-established Fair Work Agency (FWA)) is designed as the baseline evidence set for the FWA's first strategy under the ERA.

Its findings will influence how the FWA, which was launched in April, prioritises sectors, business models and enforcement activity through to and beyond its first strategy in 2027. The report clearly signals to agencies, umbrella companies and platforms the importance of evidencing supply chain engagements and payments and of ensuring that self-employed engagements are genuinely defensible. Sellers should prepare for more focus on these areas in sale and investment due diligence. See [this Insight](#) for more detail.

## Immigration

Nothing to report this month.



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## Employment and immigration

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# Environment

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# Environment

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## Government responds to consultation on British Industrial Competitiveness Scheme

The Department for Business and Trade (DBT) on 16 April published its [response](#) to the consultation on the British Industrial Competitiveness Scheme (BICS) – focusing on eligibility and approach. BICS is designed to reduce electricity costs for manufacturing in key industries in Britain. It will achieve this by exempting eligible businesses from paying costs associated with the Renewables Obligation (RO), Feed-in-Tariffs (FITs) and Capacity Market (CM) payments. The scheme will run until 2035.

The consultation response confirms:

- Businesses will be eligible for BICS if they operate in the "frontier industries" of the Industrial Strategy's growth sectors (the IS-8). Businesses will also need to manufacture at least one eligible product – defined using HS6 codes (international product classification codes).
- Exemptions will be based on how much electricity is used on the eligible products – below 25% will see no exemption, between 25% and 50% will see a 50% exemption and above 50% will see a 100% exemption.
- Exemptions from RO and FITs payments will apply from April 2027, with CM exemptions from October 2027.

There will be an additional payment in April 2027 for businesses which would have been entitled had BICS been operable from April 2026.

## Surface and Groundwater Pollution Directive is published

[Directive \(EU\) 2026/805](#) has now been published in the Official Journal of the European Union amending previous directives on water policy and environmental standards (the Water Framework Directive, the Groundwater Directive, and the Directive on Water Surface Quality).

The amendments align the reference lists of water pollutants to the latest scientific understanding. Newly added pollutants will be monitored and more strictly controlled. The new substances listed will be those with well-documented harmful effects on the environment and human health. Six substances have been reclassified as no longer posing EU-wide risks and will instead be designated pollutants of national concern.

Member States will need to bring into force regulations to comply with the directive by 21 December 2027.

## UK government announces abolition of carbon price support

The government has confirmed that carbon price support will be withdrawn from April 2028. The "carbon price floor" encouraged low carbon electricity by increasing the cost of emitting carbon dioxide by taxing fossil fuels used in the generating process.

The [statement confirming that the carbon price support would be removed](#) said that the carbon price support system was no longer fit for purpose, and with the evolution of the Emissions Trading Scheme, removal of the carbon price support system would simplify tax and carbon pricing.

## BNG monitoring costs can be secured by planning obligation

The Planning Inspectorate (PINS) has confirmed in an [appeal decision](#) that Biodiversity Net Gain (BNG) monitoring costs for councils could be secured via a planning obligation.

The site in question would use on-site habitat enhancement as part of a development of a new boiler house and chip storage building. Both parties accepted the need for BNG, but the applicant contested that planning conditions are usually monitored as part of the council's usual duties so should not require additional monitoring fees to be secured as part of the planning consent.

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# Environment

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PINS accepted the planning inspector's position that, due to BNG requiring 30 years of maintenance, it was materially different from most standard conditions and placed a longer burden on local authorities. As such, the condition to pay a fee of £1,248 plus £360 in legal costs was acceptable.

## Amendments to the Climate Change Agreement Regulations

Climate Change Agreements (CCAs) are voluntary agreements made with the Environment Agency. They commit energy-intensive industries to improve their energy efficiency and reduce CO2 emissions. In return, they receive a reduction in the rate of Climate Change Levy they are required to pay.

From 1 January 2027, three new processes will be added to the CCA scheme: mechanical plastic recycling, packaging of spirits, and production of EV batteries. The regulations will also make some minor clarificatory updates to CCAs.

## Update to the ban on destruction of unsold consumer products

See [sustainable products section](#).

## Environmental Audit Committee: PFAS report

The Parliamentary Environmental Audit Committee (EAC) has published a report, "[Addressing the risks from Perfluoroalkyl and Polyfluoroalkyl Substances \(PFAS\)](#)", calling on government to take a stronger approach to PFAS regulation.

PFAS (often referred to as "forever chemicals") are a class of chemicals with a number of consumer and industrial use cases, such as frying pans or fire extinguishers. Due to their inherent resistance qualities, they accumulate in the environment and in animals and/or people.

The EAC provides a number of proposals to reduce the harmful effects of PFAS:

- **Restricting PFAS:** Implementing a phased restriction on PFAS use in non-essential consumer products (food packaging, cookware, school uniforms) from 2027; set limits on PFAS found in food and introduce standard labelling for consumer information.
- **Remediation:** Applying the polluter pays principle to PFAS remediation; introducing a PFAS remediation fund.
- **Destruction:** A review into the UK's current incineration capacity for destroying PFAS to determine whether it is sufficient and funding for research into other methods of removal.

## Draft Waste Tracking Regulations laid before Parliament

The draft [Digital Waste Tracking \(England\) Regulations 2026](#) have been laid before Parliament for consideration. The regulations are expected to come into force from 1 October 2026, to align with the application of equivalent regulations in Wales.

The regulations will be implemented in phases.

Phase 1 will require operators of sites which receive "controlled waste" under environmental permits to record information about the waste and ensure it is entered into the digital tracking system. This will replace the current system of waste transfer notes and hazardous waste consignment notes.

Phase 2 will then include additional obligations to: include commercial waste received at household waste recycling centres, and track waste digitally from where it is produced to where it is received as waste.

## European Commission launches consultation on European Oceans Act

The European Commission has launched the [public consultation](#) for the future European Oceans Act (EOA). The consultation will run until 16 July 2026, and the proposed directive will be adopted in Q4 of 2026.

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# Environment

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The EOA is designed to bring a "comprehensive strategy" to protect the ocean and its linked economies. The resulting directive is expected to bring together all related regulation on economic, climate, environmental and social protections into a single instrument.

## Flat rate of 20p announced for Deposit Return Scheme

The deposit management organisation (DMO) has confirmed that the deposit return scheme (DRS) will have a flat "deposit" fee of 20p per in-scope container. It is set to launch in October 2027 in England, Northern Ireland and Scotland.

The DRS will charge consumers for the containers at the point of sale. This deposit will then be returned to them when the containers are returned.

## Environment (Principles, Governance and Biodiversity Targets) (Wales) Act receives Royal Assent

The Act represents a new overarching framework of environmental protection in Wales. It establishes:

- Entrenched principles of precaution, prevention and rectification of environmental damage at source (via the polluter pays principle). There will also be an overarching objective to ensure environmental protection and improvement of environmental quality.
- An independent body (Office of Environmental Governance) to oversee the implementation of environmental law by public bodies.
- A biodiversity target-setting framework to reverse biodiversity decline.

## BNG for Nationally Significant Infrastructure Projects comes into effect

The Environment Act 2021 (Commencement No 11) Regulations 2026 were officially made on 5 May 2026, and came into force from 7 May 2026. The regulations mean that Nationally Significant Infrastructure Projects (NSIPs) are officially subject to Biodiversity Net Gain (BNG) requirements from 2 November 2026. The BNG register was also concurrently extended to enable registration of NSIPs.

## New fly-tipping provisions under Crime and Policing Act 2026

The [Crime and Policing Act 2026](#) (CPA) received Royal Assent on 29 April 2026.

It contains a number of provisions related to fly-tipping and waste offences, which complement other recent announcements from the government as it looks to tackle the growing problem of unauthorised waste disposals.

The CPA introduces the following measures:

- An obligation on the secretary of state to issue guidance to waste collection authorities (WCAs) on evidence collection to support their work to tackle fly-tipping, the powers of authorised officers to search and seize vehicles, and guidance on other enforcement functions.
- An obligation for WCAs to have regard to the published guidance.
- An addition of an offence where vehicles are used for the purposes of unauthorised waste disposal under the Road Traffic Offenders Act. The offence could lead to discretionary disqualification or up to nine points on the offender's licence.

## King's Speech 2026 – environmental implications

The [King's Speech](#) outlined the following proposals that will affect the environment and energy sectors:

- **The Clean Water Bill:** Creating a new water "super regulator" to absorb functions of various existing regulators. The bill aims to improve environmental protections and reduce pollution through various measures.
- **A Regulating for Growth Bill:** This will enhance the duties on regulators (for example, the Environment Agency) to prioritise growth in their areas of oversight, without undermining their fundamental function.

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# Environment

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- **The Energy Independence Bill:** To reform market, planning and regulatory frameworks in the hope of accelerating deployment of renewable energy.
- **A Nuclear Regulation Bill:** To progress the recommendations of the [Nuclear Regulatory Review](#).
- **The Electricity Generator Levy Bill:** Increasing the generator levy from 45% to 55% from 1 July 2026.

## Defra announces new legislation under the Waste Crime Action Plan

The Department for Environment Food and Rural Affairs (Defra) has [announced](#) a number of new laws to be laid before Parliament under the UK government's [Waste Crime Action Plan](#) (WCAP).

These latest reforms are aimed at enhancing the permit system for waste carriers, to ensure more thorough vetting and to improve enforcement. The amendments (expected to be brought into force in 2027) include:

- Implementing a new permit system, which will require ongoing demonstration that they meet the requirements to operate.
- Enhancing background check requirements for operators.
- A requirement for operators to demonstrate they have the technical competence required to transport and manage waste.
- Increased powers to revoke permits and issue enforcement notices.
- The implementation of penalties of up to five years' imprisonment for illegally dealing in waste.
- An obligation for operators to display their permit number in all advertisements (including on vans) to make identification and reporting easier.

## International Sustainability Standards Board to publish a nature-related disclosure practice statement

See [ESG section](#).



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## Environmental, social and governance

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# Environmental, social and governance

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## UK

### **International Sustainability Standards Board to publish a nature-related disclosure practice statement**

The International Sustainability Standards Board (ISSB), the body responsible for the IFRS Sustainability Disclosure Standards, has [announced](#) it will publish a new practice statement on requirements for nature-related disclosures.

The new practice statement will complement (but not replace) the IFRS S1 (on sustainability-related risk and opportunity reporting) and IFRS S2 (on climate-related disclosures and metrics). It is intended to explain how businesses should disclose information about nature-related risks and opportunities under IFRS S1.

This follows recent UK developments confirming the introduction of the UK Sustainability Reporting Standards (UK SRS), which are based on the IFRS standards. The UK SRS is currently voluntary, but it is expected to become mandatory – first for listed companies and then for larger private companies (full details of its application are still to be finalised following consultation).

## EU

### **European Commission consults on simplified CSRD reporting standards and voluntary framework for smaller companies**

On 6 May 2026, the [European Commission published](#) two draft delegated regulations for consultation relating to sustainability reporting standards under the Corporate Sustainability Reporting Directive (CSRD).

The first revises and simplifies the European Sustainability Reporting Standards (ESRS). It introduces a simplified materiality assessment and additional targeted flexibilities. The revised ESRS will apply for financial years starting on 1 January 2027, with an early adoption option for companies whose CSRD obligations begin in 2026.

The second establishes voluntary standards for companies with fewer than 1,000 employees on average. These sit outside the mandatory CSRD regime but are drawn into sustainability reporting through the value chain cap, under which large in-scope companies may request sustainability data from supply chain partners. The voluntary standards provide a structured, proportionate basis for responding to those requests. They will apply to in-scope entities undertaking value chain reporting from financial years starting in 2027, and to out-of-scope companies wishing to report voluntarily from the date of entry into force.

Both consultations close on 3 June 2026, with Commission adoption listed as being planned for Q2 2026.

### **European Commission consults on rules for recognising carbon prices paid in third countries**

The EU carbon border adjustment mechanism (CBAM) requires EU importers of certain carbon-intensive goods to purchase certificates corresponding to the carbon price that would have been paid had those goods been produced in the EU. Where a carbon price has already been paid in the country of origin, the number of certificates to be surrendered can be reduced accordingly. On 13 May 2026, the European Commission [launched a consultation](#) on a draft implementing regulation setting out the rules that will govern how that reduction is calculated.

The draft regulation covers five areas: how to determine the carbon price effectively paid in a third country for the embedded emissions in each good, including the use of default carbon prices for precursors and indirect emissions; the conversion of carbon prices expressed in foreign currencies into euros; the methodology for calculating the resulting reduction in certificates to be surrendered; how to account for rebates or other forms of compensation that reduce the carbon price effectively paid; and the qualifications required for an independent person to certify the evidence provided by a CBAM declarant.

EU importers of in-scope goods produced in countries with a carbon pricing regime should review the draft rules. The certification requirements for independent verifiers will also be relevant to businesses structuring their compliance arrangements. The consultation closes on 10 June 2026.

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# Environmental, social and governance

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## European Commission sets out plan to simplify EU lawmaking

On 28 April 2026, the European Commission [presented a communication](#) setting out its plan to modernise EU lawmaking, with the aim of making legislation clearer, simpler, more efficiently enforced, evidence-based and better aligned with the needs of citizens and businesses.

The Commission will act in five areas:

- embedding simplicity into the design of new legislation from the outset;
- strengthening the better regulation framework to enhance transparency, stakeholder engagement and efficiency;
- tackling inconsistencies and overlapping provisions in existing legislation through a Regulatory Deep Cleaning Action Plan covering 12 priority policy areas; addressing gold-plating by Member States that apply stricter or more extensive requirements than EU law requires; and
- strengthening enforcement of single market rules with a focus on reducing long-standing infringement cases.

The 12 priority areas identified for the Regulatory Deep Cleaning Action Plan include free movement of goods and services, financial services, customs, taxation, health and food safety, agriculture, transport, energy, climate, environment, digital policy, housing and permitting. The process may bring changes to compliance requirements and reduce administrative burdens currently arising from overlapping or inconsistent rules.

## European Commission publishes simplification review of the EU Deforestation Regulation

On 4 May 2026, the European Commission [published a report](#) on the simplification of the revised EU Deforestation Regulation (EUDR), alongside a package of further measures to support its implementation ahead of its entry into application.

The package includes an [updated guidance document](#) and [Frequently Asked Questions](#), a [draft delegated act](#) on the product scope of the EUDR, and an updated implementing act on the [Information System](#). Together, the measures are expected to reduce annual compliance costs for companies subject to EUDR obligations by around 75% compared to the original regulation.

The draft delegated act proposes additions to the product scope, including soluble coffee and certain palm oil derivatives, as well as exclusions such as leather and retreaded tyres, and exemptions for product samples, certain packing materials, used and second-hand products and waste. It is open for public feedback until 1 June 2026. The regulation will apply from 30 December 2026 for large and medium companies and micro and small enterprises from the timber sector, and from 30 June 2027 for other micro and small enterprises. Those dealing in commodities covered by the EUDR, including cattle, wood, cocoa, soy, palm oil, coffee and rubber, should review the updated guidance and consider responding to the consultation on the draft delegated act before the deadline.

## EU institutions sign 'One Europe, One Market' roadmap

On 24 April 2026, the European Commission, the Council of the EU and the European Parliament agreed and signed the [One Europe, One Market Roadmap](#), a political and operational commitment to deliver a series of legislative and policy measures to strengthen the single market and improve the EU's competitiveness by the end of 2027.

The roadmap is structured around five strategic objectives: simplifying rules; deepening the single market; championing trade; reducing energy prices and decarbonising; and driving digital and AI transformation. Key measures include a Digital and AI Omnibus package by end of 2026, a new EU securitisation framework, a review of merger control guidelines, grid modernisation, an Emissions Trading System review, and new legislation on cloud and AI, a Chips Act 2 and AI Gigafactories.

The roadmap does not create binding obligations but acts as a framework to accelerate delivery in the priority areas. The institutions have committed to quarterly reviews and regular stocktaking to monitor progress and update the annex where necessary.

## European Commission adopts delegated rules on fees and penalties for ESG rating providers

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## Environmental, social and governance

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Following a consultation (covered in this [February update](#)), the European Commission has adopted two Delegated Regulations supplementing the ESG Ratings Regulation (EU 2024/3005), which established ESMA's supervisory role over ESG rating providers.

The first [sets out the procedures](#) ESMA must follow when imposing fines and periodic penalty payments on ESG rating providers, reflecting a mandate under Article 39(9) of the regulation. This includes rights of defence, collection procedures and limitation periods for imposing and enforcing penalties. The second [sets out the fees](#) ESMA may charge under Article 42(2), covering annual supervisory fees, authorisation fees, registration fees and recognition fees.

Both are now subject to scrutiny by the European Parliament and the Council of the EU before publication in the Official Journal. The fees regulation will enter into force the day after publication, while the fines regulation will enter into force on the twentieth day following publication.

### Council of the EU formally adopts regulation on forest reproductive material

The Council of the EU [formally adopted a regulation](#) on the production and marketing of forest reproductive material on 21 April 2026, following the European Parliament's first-reading position adopted in April 2024.

The regulation aims to increase the diversity and quality of forest reproductive material, ensuring that the right tree is planted in the right place so that forests are better adapted to climate change. Tree breeding under the new framework will allow climate change adaptation of forests to be accelerated, helping to ensure their continued productivity. It forms part of a wider legislative package adopted by the Commission in July 2023 on the sustainable use of natural resources.

The European Parliament formally adopted the regulation at second reading on 19 May 2026. The regulation can now be published in the Official Journal and will enter into force 20 days later.



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## **Fintech, digital assets, payments and consumer credit**

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# Fintech, digital assets, payments and consumer credit

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## Payments

### HMT sets out new payments package during Fintech Week

On 21 April 2026, the government [announced](#) a package of measures to modernise UK payments regulation. This includes:

- Improving the regulation of payment services and electronic money by integrating it with the UK's core regulatory approach for financial services. This will mean establishing a single, coherent framework for both traditional and tokenised payments, including stablecoins and tokenised deposits.
- Regulating stablecoins for their use in payments, where these stablecoins have been issued under the forthcoming new regulated activity for stablecoin issuance in the UK.
- Exploring how the regulation of payments services should adapt to payments conducted by AI agents.
- Providing the FCA with new powers to regulate the future of Open Banking.
- Bringing forward legislation to cut administrative burdens for companies wanting to provide stablecoin payments.
- The appointment of Chris Woolard as the government's new Wholesale Digital Markets Champion, leading work on building a tokenised wholesale financial markets system.

City minister Lucy Rigby attended events during Fintech Week 2026 to promote the government's efforts in maintaining the UK as a leading destination for fintechs, ahead of a forthcoming government consultation on how to reform the regulation of payment services and electronic money.

### New payments safeguarding rules and updated FCA approach document

On 7 May 2026, changes to the safeguarding regime for payments and e-money firms came into force, completing a nine-month implementation period following [a policy statement last summer setting out details of the rule changes \(PS25/12\)](#). The Financial Conduct Authority (FCA) published an updated version of its [approach document](#) for payments and e-money, reflecting the enhanced regime.

Please see Osborne Clarke's [Insight](#) for more information.

### FCA publishes roadmap on delivering open finance

On 14 April 2026, the FCA published a [roadmap](#) extending to 2030, which sets out its plan to deliver open finance by extending secure data sharing beyond open banking across a wider range of products and services. It will prioritise high-impact use cases, initially focusing on improving SMEs' access to lending and consumers' access to mortgages. The regulator is working with industry to address key barriers, including consumer privacy concerns, the lack of incentive structures for firm participation, and fragmented regulatory oversight.

Key anticipated milestones include:

- Q4 2026: discussion paper on a regulatory framework for the first open finance scheme.
- H1 2027: discussion paper on a long-term regulatory framework.
- H2 2027: work with HMT on long-term regulatory framework options.
- 2028-2030: scaling up and launching multiple open finance schemes with industry.

## Consumer finance

### FCA statement on legal challenges to motor finance compensation scheme

The FCA has received [four legal challenges](#) to its [motor finance compensation scheme](#), which it intends to defend robustly. It is unclear when the case will be heard, but it is unlikely to be before October.

On 8 May 2026, the FCA published [further advice for firms and consumers](#). The regulator is engaging with the tribunal and the challengers on the possibility of suspending some elements of the scheme while retaining those relating to preparatory

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# Fintech, digital assets, payments and consumer credit

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work. For now, firms should continue preparing unless told otherwise. The FCA points to work that can be done now and is likely to be needed whatever the outcome of the challenges, such as identifying relevant complaints and agreements.

Further updates will follow as the tribunal timing becomes clearer. As a contingency, lenders should be preparing to handle complaints from mid-November 2026.

## Digital assets

### FCA consults on perimeter guidance for cryptoasset activities

On 15 April 2026, the FCA published a consultation paper ([CP26/13](#)) proposing amendments to the Perimeter Guidance manual (PERG) to clarify the scope of the new regulated cryptoasset activities and when permission is needed to carry on those activities. The consultation closes on 3 June 2026.

The proposed guidance aims to provide clarity for firms transitioning from the current cryptoasset regime (under the Money Laundering Regulations 2017) to carrying on the new cryptoasset regulated activities under the Financial Services and Markets Act 2000, and help them plan and prepare for authorisation.

The guidance will cover whether an activity is within the perimeter, together with the new specified investments and new regulated cryptoasset activities, including which permissions may be required for certain business models and how relevant exclusions operate.

The FCA will publish its final guidance in September 2026.

### HMT publishes policy note and draft SI on amendments to Cryptoassets Regulations

On 21 April 2026, HMT published a [policy note](#) and [draft statutory instrument](#) proposing amendments to the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026. The amendments aim to provide greater certainty for firms wishing to provide stablecoin payment services, remove barriers to certain use cases, and ensure an internationally competitive UK regime.

Key measures include:

- Carving UK qualifying stablecoin (UKQS) out of the new dealing activities to avoid undue barriers for firms seeking to provide UKQS payment services ahead of planned payment services reforms.
- Retaining lending and borrowing activities involving UKQS within scope of the cryptoassets dealing activities to address associated consumer risks.
- Maintaining the requirement for firms undertaking UKQS payments to obtain cryptoassets safeguarding permissions where they safeguard cryptoassets on a customer's behalf, with plans to consult on moving this into the payments regime.
- Making consequential changes, including amending the financial promotions regime perimeter and early activation of provisions carving out stablecoin backing assets from collective investment scheme and alternative investment fund classifications.
- Making additional changes relating to proprietary trading, market making, and central securities depositories.

Feedback on the draft SI is due by 22 May 2026.

### FCA sets out information for firms preparing for cryptoasset authorisation

On 30 April 2026, the FCA published a new [webpage](#) setting out information for firms planning to apply for authorisation or variation of permission under the new cryptoassets regulatory regime, ahead of the application window opening on 30 September 2026.

The FCA expects firms to be preparing now, developing "clear and credible" plans that show they have considered the new regime's requirements and how they will be ready.

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## Fintech, digital assets, payments and consumer credit

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Firms registered under anti-money laundering rules should begin assessing what they need to change to meet the FCA's expectations, including in areas such as market conduct, customer treatment, and senior leadership. Authorised firms should consider how the new cryptoasset activities and requirements affect their current permissions, business model, governance, and systems and controls.

Firms are encouraged to apply as soon as possible once the application window opens.

In a related [press release](#), the FCA announced that firms can request a pre-application meeting, to take place from July 2026.



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# Food law

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# Food law

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## UK

### Government abandons voluntary food price cap proposal and announces targeted tariff cuts

It was recently reported that the Treasury had been asking large supermarkets to introduce voluntary price caps on key grocery items (such as eggs, bread and milk) in return for regulatory concessions including easing packaging obligations and potentially delaying changes to rules around healthy food promotion.

The proposal drew opposition from retailers, with some senior figures publicly criticising it, including raising concerns that cross-industry co-ordination on pricing could breach competition law. The proposal did not feature in chancellor Rachel Reeves' [cost of living speech](#) on 20 May 2026.

The government has since announced a [business engagement exercise](#) with a view to making further targeted cuts to agri-food tariffs, [suspending tariffs](#) on over 100 products including biscuits, chocolate, dried fruit and nuts, with an expected consumer benefit of more than £150 million a year. The full list of products is due to be published this week. The announcement builds on agri-food tariff suspensions announced at the end of April, which are expected to deliver consumer benefits of between £100 million and £400 million a year. The government has indicated that the list takes account of domestic production and food security and will not include significant UK primary agricultural produce.

The publication of the full product list, alongside the scope of the business engagement exercise on further tariff adjustments, will be worth monitoring closely for those across the food sector.

### European Partnership Bill signals significant food law reset for UK businesses

The King's Speech has [confirmed plans for a new European Partnership Bill](#) that would give ministers powers to implement EU agreements into UK law, with parliamentary approval retained before any EU law is applied domestically. The [sanitary and phytosanitary \(SPS\) agrifood agreement](#) is among the first in scope, and for food and drink businesses, the bill signals the most significant shift in the UK-EU regulatory relationship since Brexit.

UK rules are expected to re-align with EU frameworks covering general food law, labelling, hygiene and safety rules, nutrition and health claims, pesticides and biocides. The bill would sit alongside the Product Regulation and Metrology Act 2025, which already gives ministers broad powers to align UK product standards with EU rules through secondary legislation, and would fill the void left by the expiration of ministerial powers under the Retained EU Law Act 2023 on 23 June 2026.

The UK Trade and Business Commission has [published a report](#) setting out recommendations on how the UK should approach the SPS agreement, underlining the cost of the current divergence. British farm product sales to the EU fell by 37% between 2019 and 2024, and a London School of Economics study put the per-household food cost premium at £250. The Commission recommends that the UK pauses regulatory divergence on precision breeding and work towards a harmonised framework with the EU, noting that an England-only approach would create internal market complications, and that the UK align with EU pesticide standards following appropriate transition periods. Businesses trading across UK and EU markets should monitor the bill and the agreement negotiations closely.

## EU

### EU Council adopts new rules on gene-edited plants, bringing 2028 application into view

The EU Council has [formally adopted](#) the new genomic techniques (NGTs) regulation, the latest step in a process ongoing since the European Commission's 2023 proposals. The regulation now awaits formal adoption by the European Parliament before it enters into force, with most provisions expected to apply from mid-2028 following a 24-month transition period.

The regulation introduces a [two-tier system](#) for NGT plants. Category 1 plants, considered equivalent to conventionally bred plants, will benefit from a simplified regulatory regime and will not require product labelling, though seed and plant reproductive material will need to be labelled. Category 2 plants, involving more complex genomic modifications, will continue to be subject to existing GMO requirements including mandatory labelling. Plants with traits such as herbicide tolerance are excluded from Category 1 and will fall under the more stringent Category 2 regime. The regulation also introduces patent transparency measures, requiring applicants to disclose existing or pending patents when registering an NGT-1 plant or product.

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## Food law

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Businesses involved in the development, production or supply of gene-edited plant products in the EU should use the transition period to prepare for the new framework. Those operating across both UK and EU markets should also monitor the UK-EU SPS agreement negotiations closely, as mentioned above.



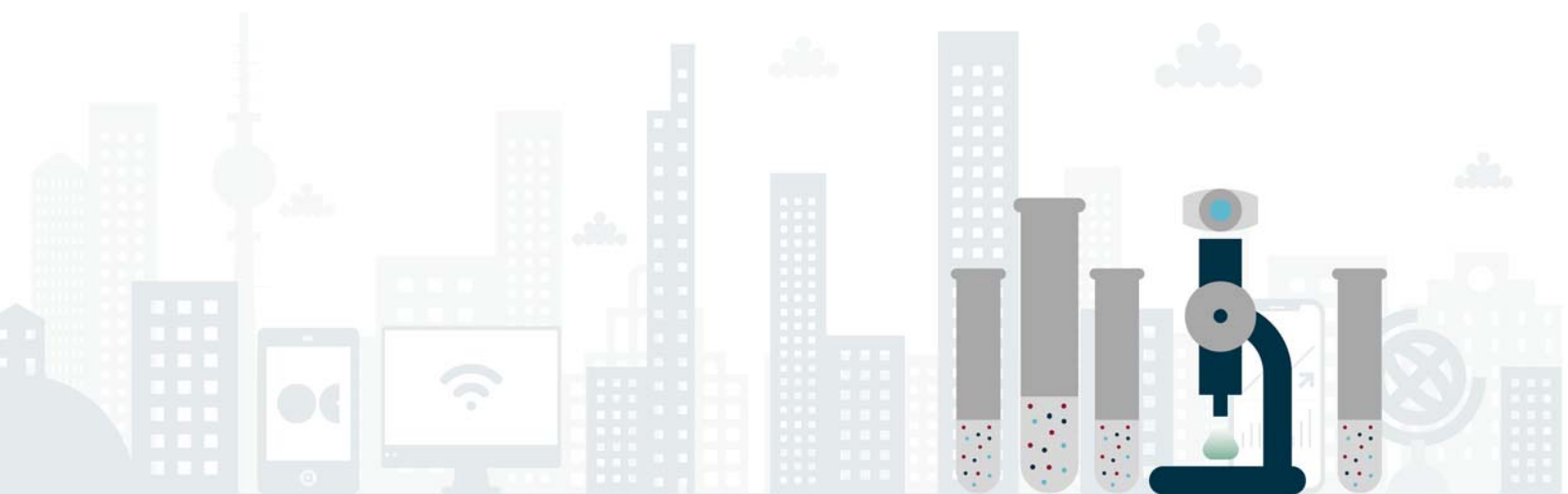
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# Health and Safety

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# Health and Safety

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## Occupational health and safety

### HSE publishes updated guidance on managing infection and biological risks at work

The Health and Safety Executive (HSE) has [published updated guidance](#) to help employers manage infection risks and biological hazards in the workplace. The refreshed guidance has been restructured to make it easier to navigate, with content organised by workplace type and exposure risk, and includes stronger signposting to authoritative clinical sources including the NHS and the UK Health Security Agency. Outdated material has been removed, and the guidance reinforces that infection risks should be approached in the same way as any other workplace hazard, with controls proportionate to the nature of the work, the environment and the workforce involved.

Employers across a wide range of sectors, including healthcare, manufacturing, retail and roles involving regular contact with the public, should treat the update as an opportunity to review existing risk assessments and control measures, particularly where working practices or workforce needs have changed.

## Building safety

### Building Safety (Wales) Bill receives Royal Assent

The [Building Safety \(Wales\) Bill](#) has received Royal Assent, establishing a new in-occupation building safety regime for multi-occupied residential buildings in Wales. Unlike its English equivalent under the Building Safety Act 2022, the Welsh regime applies to all multi-occupied residential buildings regardless of height, with duties structured across three tiers depending on the size of the building. For a full overview, see [this Insight](#).

## Online safety

### European Committee of the Regions calls for stronger platform accountability and child-safe design

The European Committee of the Regions has [adopted an opinion](#) concluding that the digital space is not safe enough for children and young people, and that responsibility for addressing this should fall on platforms and regulators rather than minors themselves. The opinion calls for regulatory measures to prohibit or restrict addictive design practices, mandatory transparency around mechanisms that promote compulsive use, and rigorous enforcement of Digital Services Act rules on large platforms. It also supports privacy-respecting age verification, mandatory children's rights impact assessments for all digital services, and a "safety by design" approach requiring platforms to eliminate manipulative features such as infinite autoplay, manipulative notifications and reward loops.

Businesses operating digital platforms or services accessible to minors should note the direction of travel at EU level, particularly around design obligations and age verification, and consider how their products would fare against the standards the opinion advocates.

See the digital regulation section for more on online safety, age assurance and the UK Online Safety Act.



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## Modern slavery

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# Modern slavery

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## Independent Anti-Slavery Commissioner publishes futures analysis on modern slavery threats

The Independent Anti-Slavery Commissioner has [published a futures analysis report](#) examining modern slavery and human trafficking threats in the UK through to 2036, drawing on contributions from more than 50 organisations and lived experience advisory panels.

The report identifies 21 threats across five thematic areas. It concludes that AI, cryptocurrencies and digital platforms are enabling traffickers to recruit, control and exploit victims with greater scale, speed and anonymity, while fragmented safeguarding systems and low prosecution rates are weakening the UK's response. It identifies a number of sectors as being at particular risk of labour exploitation, including care, logistics, food production, retail, construction, car washes, cannabis cultivation and platform-based work, with construction highlighted as being at especially high risk of exploitative practices and cash-intensive sectors such as nail bars also identified as areas where exploitation linked to organised crime is more likely (risks that are closely mirrored in GRETA's findings, discussed below). Among its recommendations are stronger labour protections, reform of tied visa arrangements, increased corporate accountability, greater regulation of digital platforms and supply chains and improved international cooperation.

The [King's Speech](#) announced an Immigration and Asylum Bill with proposals to reform the modern slavery legislative framework, focused on addressing potential misuse of the immigration system while maintaining essential protections. Notably absent, however, was any indication of a move towards increased proactive corporate obligations. The speech did not address the calls for reform of corporate reporting on modern slavery or the introduction of mandatory due diligence and forced labour frameworks. Companies with extended or internationally sourced supply chains should monitor the government's response to the Commissioner's recommendations, but there is currently no indication of changes to corporate obligations in the near future.

## GRETA urges stronger enforcement on labour exploitation and supply chain transparency in fourth UK evaluation report

The Council of Europe's Group of Experts on Action against Trafficking in Human Beings (GRETA) has [published its fourth evaluation report](#) on the United Kingdom, with significant findings for employers and businesses on labour exploitation and supply chain accountability.

National Referral Mechanism (NRM) referrals increased sharply over the reporting period, rising from 12,691 in 2021 to 19,125 in 2024, with 17,397 referrals recorded in the first nine months of 2025 alone. Labour exploitation was the predominant form of trafficking overall, accounting for 29% of referrals between 2021 and 2024, predominantly affecting adult victims with foreign citizenship. High-risk sectors identified by GRETA include agriculture, care work, domestic work, hospitality, construction, fishing, car washes, nail bars, waste management, logistics, food processing and warehousing.

GRETA highlights fragmented labour enforcement and significant resource constraints, noting that the Gangmasters and Labour Abuse Authority had only 115 staff across the UK as of December 2024, conducted just 123 inspections in the year to March 2024 and referred only 44 possible victims to the NRM across the entire 2021 to 2024 period, while its budget fell from £7.77 million in 2023-24 to £6.26 million in 2024-25. GRETA welcomes the planned creation of the Fair Work Agency, merging the GLAA, the Employment Agency Standards Inspectorate and HMRC's National Minimum Wage team, but stresses that it must have a broad remit, adequate geographical coverage including territorial waters and sufficient resources to be effective.

On corporate accountability, GRETA notes that while companies with a turnover of £36 million or more supplying goods or services in the UK are required to publish annual modern slavery statements under section 54 of the Modern Slavery Act, there have been no sanctions for non-compliance and the injunction power has never been used, with measures to strengthen penalties and create a meaningful enforcement regime not yet adopted. GRETA calls for strengthening the prevention of trafficking in supply chains and improved enforcement of modern slavery statements.



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# Products

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# Products

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Jump to: [General / digital products](#) | [Product sustainability](#) | [Life Sciences and healthcare](#)

## General/digital products

### UK

#### Windsor Framework Specialised Committee meets to take stock of implementation progress

The Specialised Committee on the Implementation of the Windsor Framework met in Brussels on 7 May 2026, co-chaired by officials from the European Commission and the UK government.

The co-chairs [welcomed progress in a number of areas](#), including the satisfactory functioning of sanitary and phytosanitary (SPS) inspection facilities, individual labelling requirements, the finalisation of work to grant EU representatives access to all relevant UK IT systems, and technical flexibilities in the functioning of the Duty Reimbursement Scheme for Northern Ireland operators.

However, they noted that work remains to be done on full certificate compliance, box-level labelling, customs arrangements for business-to-consumer parcels and ensuring that flexibilities are applied for compliant goods only. The co-chairs also confirmed the conclusion of their work on the implications of the Artificial Intelligence and Cyber Resilience Acts for the Windsor Framework, and noted that they will report to the Joint Committee co-chairs ahead of the next Joint Committee meeting.

Businesses moving goods between Great Britain and Northern Ireland should continue to monitor implementation developments, particularly in the SPS and customs areas.

#### Cyber Resilience Act and the Windsor Framework

The EU has [adopted a Council Decision](#) setting out its position that the majority of the [Cyber Resilience Act](#) (CRA) should be added to Annex 2 of the Windsor Framework, which would make it applicable in Northern Ireland.

The CRA sets minimum cybersecurity requirements for products with digital elements, placing obligations on manufacturers, importers and distributors, and categorises products by risk level, with standard products requiring self-assessment and higher-risk products requiring third-party conformity assessment. However, any addition to the framework can only take effect following a joint decision at the Withdrawal Agreement Joint Committee, and any agreement on the UK's part would require an applicability motion passed with cross-community consent by the Northern Ireland Assembly.

The UK has requested an exchange of views with the EU to better understand the implications before any decision is taken; that exchange is ongoing. Manufacturers or suppliers of products with digital elements going into or through Northern Ireland should monitor developments closely, as the outcome will determine whether the substantive requirements of the CRA apply in Northern Ireland alongside the rest of the EU.

#### Tobacco and Vapes Bill receives Royal Assent

See [advertising and marketing section](#).

## Life sciences and healthcare

### UK

#### MHRA opens consultation on redefining gene therapy medicinal products

The Medicines and Healthcare products Regulatory Agency (MHRA) has [launched a UK-wide consultation](#) on proposed changes to the legal definition of gene therapy medicinal products (GTMPs) in the UK. The proposed changes aim to ensure that regulation keeps pace with advances in gene therapy, synthetic biology and gene editing technologies since the current definitions were established over a decade ago.

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## Products

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The consultation seeks views on five key proposals: removing the requirement for gene therapies to be biological in origin; clarifying when synthetic or recombinant nucleic acids bring a product into scope; ensuring products involving sequence-specific genome editing are clearly regulated as GTMPs regardless of substance type; maintaining the exclusion of vaccines against infectious diseases from GTMP definitions; and updating the Human Medicines Regulations 2012 to support the revised definitions.

The MHRA has confirmed that the updated definition will not alter the approval process for gene therapies, the regulatory classification of already-licensed products, or existing safety, quality or efficacy standards. The consultation closes on 22 June 2026.

### **MHRA publishes long-awaited draft medical devices regulations for pre-market requirements**

The MHRA and the Department of Health and Social Care have published the draft [Medical Devices \(Amendment\) Regulations 2026](#) on the World Trade Organization notification portal, setting out proposed new pre-market requirements for placing medical devices and in vitro diagnostics (IVDs) on the GB market.

The draft regulations introduce eight principal changes, including an international reliance pathway based on approvals from comparable overseas regulators in Australia, Canada and the US (notably not the EU), revised risk-proportionate classification rules for devices and IVDs, mandatory use of Unique Device Identifiers, and expanded use of electronic instructions for use.

For the first time, UK medical device legislation will include specific provisions on advertising and promotion, covering misleading or unsubstantiated claims. Transitional provisions apply, with three-year periods for legacy general medical devices and five years for IVDs.

The regulations are expected to be adopted in December 2026 and to enter into force in June 2027. Businesses should note that the MHRA has launched a parallel [stakeholder impact survey](#), open until 19 June 2026, and that the deadline for WTO comments is 7 July 2026. Manufacturers, approved bodies and importers operating in the GB market should review the draft and consider responding.

### **HRA implements updated clinical trials regulations with new operational guidance**

The Health Research Authority has introduced comprehensive updates to clinical trials regulations, [effective 28 April 2026](#), applying to clinical trials of investigational medicinal products (CTIMPs) and including associated policy changes for non-CTIMP studies, developed in collaboration with health departments across all four nations of the UK. Accompanying operational guidance has been published covering:

- [a revised suite of model agreements for NHS and health and social care organisations](#), covering both commercial and non-commercial arrangements;
- [simplified arrangements for seeking and documenting informed consent in qualifying clinical trials](#);
- [a new modification tool](#) replacing the previous amendment tool, introducing four distinct modification categories, mandatory for CTIMPs from 28 April 2026 and for non-CTIMP studies from 30 May 2026;
- [an updated UK Research Ethics Committee Policy Document](#) reflecting changes in membership, terminology, timelines and REC decisions; and
- [a round-up of further HRA operational changes](#) accompanying the new regulations.

New studies submitted via the Integrated Research Application System (IRAS) from 28 April 2026 must use the updated model agreements. The current modification tool is an interim solution while the HRA develops a new digital service, Plan and Manage Health and Care Research, which will eventually replace multiple legacy systems.

## EU

### **EU reaches provisional deal on Critical Medicines Act**

European Parliament and Council negotiators have [reached a provisional deal](#) on the Critical Medicines Act, which aims to reduce EU dependency on non-EU countries for essential medicines, including antibiotics, insulin, vaccines and medicines for chronic and rare diseases.

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## Products

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The Act establishes a framework for strategic industrial projects in the EU to create, modernise and increase manufacturing capacity, with companies benefiting from national or EU financial support required to prioritise supply to the EU market. Contracting authorities will be required to apply procurement requirements that support the diversification of supply sources for critical medicines, with flexible options available to incentivise EU manufacturing, including rewarding suppliers proportionally to the share of medicinal products manufactured in the EU. The agreement also provides for voluntary collaborative procurement, with the Commission required to initiate a procurement procedure on behalf of Member States when five or more countries request it.

The provisional agreement must be approved by both Parliament and Council before entering into force. Pharmaceutical manufacturers and suppliers operating in or supplying to the EU market should monitor the Act's progress closely, particularly those whose supply chains remain heavily dependent on non-EU manufacturing.

## Sustainable products

### UK

#### **Parliamentary committee calls for faster action on PFAS regulation**

The House of Commons Environmental Audit Committee has [published a report](#) criticising the government's February 2026 PFAS Action Plan as lacking decisive action and warning that UK REACH has fallen behind the EU in restricting per- and poly-fluoroalkyl substances, commonly known as "forever chemicals" due to their persistence in the environment.

The committee has recommended that the government introduce phased restrictions on non-essential PFAS uses from 2027 under UK REACH, taking a group-based approach to ensure that banned substances are not simply replaced with harmful alternatives, and that it require businesses to obtain approval before introducing any new PFAS substance. On remediation, the committee recommends applying the polluter pays principle, consulting by March 2027 on establishing a national fund for PFAS remediation, and investing in technology for safe destruction of PFAS. The report also calls for limits on PFAS in food, mandatory supply chain disclosures and use of existing EU-UK dialogue mechanisms to avoid unnecessary regulatory divergence from EU REACH.

Manufacturers and suppliers of products containing PFAS should monitor the government's response and assess their exposure across supply chains in anticipation of potential tightening restrictions.

#### **Regulations amend GB chemicals regimes for biocides, prior informed consent and classification, labelling and packaging**

The Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026, made on 30 April 2026, [came into force on 21 May 2026](#). They amend the GB chemicals regimes for biocides, prior informed consent (PIC) and classification, labelling and packaging (CLP), correcting issues that could not be addressed at the time of the UK's departure from the EU due to the nature of the legal powers in the European Union (Withdrawal) Act 2018. See the [explanatory memorandum](#).

#### **Northern Ireland consults on new Waste Prevention Programme**

The Department of Agriculture, Environment and Rural Affairs has [launched a consultation](#) on its draft 2026 Waste Prevention Programme for Northern Ireland, setting out 21 actions to reduce waste at source and support a transition to a circular economy.

Measures include implementation of extended producer responsibility for packaging, eco-design and eco-labelling initiatives, a deposit return scheme for single-use drinks containers due to go live in October 2027, waste electrical and electronic equipment (WEEE) reform, continued administration of the carrier bag levy and food waste prevention initiatives delivered in partnership with the non-governmental organisation WRAP.

The programme also proposes support for reuse and repair through community-based initiatives and an annual Reuse and Repair Week. Businesses operating in Northern Ireland across manufacturing, retail, food and drink and the wider

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## Products

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supply chain should review the proposed actions and consider responding to the consultation before it closes on 10 July 2026.

### EU

#### European Commission confirms it will not reform REACH at this stage

The European Commission has confirmed that it [will not review or reform REACH](#), the EU chemicals regime, at this point, with Commissioner Roswall citing the need for certainty and predictability in a speech to the European Parliament's Committee for Environment, Climate and Food Safety on 27 April 2026.

The Commission has indicated it will nonetheless continue to explore ways of simplifying and modernising REACH, including through comitology, and will bring forward initiatives to improve enforcement against non-EU compliant products and substances at borders and through more effective market surveillance. Those operating under EU REACH should note that while a broader reform has been taken off the table for now, enforcement activity is expected to intensify, and ongoing work on PFAS restrictions through ECHA's scientific committees continues.

#### EU publishes rules on permitted exceptions to ban on destruction of unsold consumer goods

[New rules](#) setting out the limited circumstances in which businesses may destroy unsold consumer products have been published in the Official Journal. Commission Delegated Regulation (EU) 2026/296, published on 22 April 2026, sets out the permitted exceptions to the prohibition under Article 25 of the Ecodesign Regulation 2024. The ban currently applies to apparel, clothing accessories and footwear, taking effect from 19 July 2026 for large enterprises and 19 July 2030 for medium-sized enterprises.

Destruction is permitted where a product is dangerous, unfit for purpose due to non-compliance with EU law or an unrepairable defect, in breach of intellectual property rights, or unsuitable for reuse or remanufacturing. It is also permitted where no waste treatment operator can be found, or where the product is not accepted as a donation by a social economy entity or cannot be redistributed by one.

Documentation evidencing the basis for relying on any of these derogations must be maintained for five years and made available to competent authorities on request.

#### European Commission consults on digital product passport registry

On 27 April 2026, the European Commission [published a consultation](#) on its draft implementing regulation concerning the operation of the digital product passport registry under the Ecodesign Regulation 2024. Digital product passports are designed to provide easy access to digital information relating to a product's sustainability, circularity and legal compliance, and the consultation closes on 27 May 2026.

The draft implementing regulation would require verified economic operators and other verified value-chain actors to register product passports through a secure interface or application programming interface (API), with automatic checks on mandatory data, granularity and qualified electronic signatures or seals. The registry would apply across all products subject to the regulation (including batteries, toys, detergents and construction materials) and would incorporate a semantic repository, log system and proof-of-registration function.

Businesses that operate in the EU should review the consultation and consider whether they wish to submit feedback.



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## Products

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## Regulated procurement

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# Regulated procurement

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## Lifting the automatic suspension: the new test under the UK Procurement Act 2023

The first case decided under the Procurement Act 2023 on an application to lift the automatic suspension has confirmed that public interest now plays a central and potentially decisive role in the court's analysis. In [ParkingEye Limited v Velindre University NHS Trust and Cardiff and Vale University Health Board](#), the court refused to lift the suspension despite finding that damages would be an adequate remedy for the claimant, giving proper weight to the public interest in ensuring that public contracts are awarded in accordance with the law.

This marks a significant departure from the previous *American Cyanamid* approach under the Public Contracts Regulations 2015, under which a finding that damages were adequate would in practice have been decisive in favour of lifting. Contracting authorities and suppliers involved in procurement disputes should be aware that the two regimes will operate in parallel for some time, and that the outcome of the same factual scenario could differ significantly depending on which test applies. See our [recent Insight](#) for a full analysis of the decision.

## NHS modern slavery procurement regulations now in force

As covered in our [January edition](#), the National Health Service (Procurement, Slavery and Human Trafficking) Regulations 2025 [came into force](#) on 17 May 2026, introducing new obligations for public bodies procuring goods or services for the purposes of the NHS in England.

From that date, in-scope bodies are required to complete a modern slavery risk assessment before advertising or awarding a contract, and to take reasonable and proportionate steps to address and, where practicable, eliminate any identified risks at each stage of the procurement and contract management process. The regulations apply to all procurement activity regardless of value, including procurements under the Procurement Act 2023 and the Health Care Services (Provider Selection Regime) Regulations 2023.



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# Sanctions and Export Control

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# Sanctions and Export Control

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## The Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2026 in force from 13 May 2026

The [Sanctions \(EU Exit\) \(Miscellaneous Amendments\) Regulations 2026](#) (SI 2026/443), which came into force on 13 May 2026, amend the UK sanctions framework across 11 regimes, with Russia circumvention being a focus.

Key changes include:

- **Sanctions end-use controls (SEUCs):** A new licensing requirement for exporters where the UK government determines there is a high risk of goods being diverted to a sanctioned territory. Exporters will be formally notified by the Department of Business and Trade (DBT) or the Office of Trade Sanctions Implementation (OTSI) before the requirement is triggered; OTSI is not currently accepting advance SEUC licence applications.
- **Prior obligations licensing ground:** Broadened so that it applies to a wider range of scenarios across UK autonomous sanctions regimes (see OFSI FAQ 185 below).
- **Reporting threshold:** The €10,000 reporting threshold for high-value dealers has been replaced with a £10,000 threshold.
- **HM Treasury debt exception:** Clarified to apply across the full payment chain.
- **Electronic licensing notices:** Confirmed that licensing notices may be issued electronically without prior consent.

### Sanctions end-use controls: guidance for businesses (in force 13 May)

OTSI published [official guidance for businesses](#) on the new SEUC regime, which applied from 13 May 2026. It confirms that exporters will be formally informed by DBT or OTSI if their goods are assessed to be at risk of diversion triggering the licensing requirement and that OTSI is not currently accepting advance SEUC licence applications. Exporters should therefore wait to be notified before applying. The guidance cross-references the government's [Russia evasion guidance](#).

### ECJU Notice to Exporters 2026/13: OGEL and GEA declarations on CDS

The Export Control Joint Unit (ECJU) has published [Notice to Exporters 2026/13](#), informing exporters of an upcoming requirement to enter their unique Open General Export Licence (OGEL) or General Export Authorisation (GEA) licence reference number into box 44 of the UK's Customs Declarations System (CDS) for all tangible exports.

Currently, only a limited number of OGELs carry this condition, but the ECJU will be updating all relevant OGELs in the coming months to bring them into line with Standard Individual Export Licences (SIELs) and Open Individual Export Licences (OIELs).

Once the condition is added to a given OGEL, failure to include the correct reference on CDS could lead to HMRC enforcement.

Where exporters use freight forwarders to make declarations on their behalf, they must ensure the correct licence reference is provided. An incorrect declaration could lead to a criminal offence under section 167 of the [Customs and Excise Management Act 1979](#). Exporters are being encouraged to begin including OGEL/GEA references on CDS now as good practice ahead of the formal rollout.

### Criminal enforcement: NCA charges for breach of Russia sanctions

The National Crime Agency has [brought charges](#) against an individual for breach of the Russia financial sanctions regime, one of the first of its kind.

The defendant faces two charges:

- dealing with a £200,000 transfer in contravention of Regulation 11 of the Russia (Sanctions) (EU Exit) Regulations 2019 whilst himself a designated person; and
- transferring £100,000 he knew or suspected was criminal proceeds, contrary to section 327(1) of the Proceeds of Crime Act 2002.

The first court appearance was at Westminster Magistrates' Court on 15 May 2026 (reporting restrictions apply).

### OFSI FAQ update: prior obligations licensing ground

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# Sanctions and Export Control

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OFSI added [FAQ 185](#) to address the changes to the prior obligations licensing ground made by The Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2026, in force from 13 May 2026.

The key changes:

- It is no longer a condition that the funds or economic resources used to satisfy a prior obligation must themselves be frozen under UK sanctions.
- For designated persons (DPs) under UK autonomous sanctions regimes, the limitations on whose funds or economic resources may be used have been removed.
- For UN DPs where the prior obligations ground applies, the limitations have been amended to allow the prior obligations of owned or controlled entities to be satisfied using the funds or economic resources of the DP, or of other owned or controlled entities and vice versa.

OFSI retains discretion on decision making even where conditions are met.

## New Russia designations (5 May 2026)

The UK announced [35 new designations](#) for individuals and entities involved in Russia's drone production supply chains and networks exploiting vulnerable migrants. The measures include designations linked to Russia's Alabuga Start drone production programme and third-country suppliers in Thailand and China.

The 5 May tranche also marks the first use of the GIMTiPS (Global Irregular Migration and Trafficking in Persons) sanctions regime to tackle human trafficking and the instrumentalisation of migration as a tool of destabilisation. See the [full designation list](#) and [sanctions notice](#).

## New Russia designations (11 May 2026)

The UK designated a further [85 individuals and entities](#) in two distinct tranches: 29 designations targeting those involved in the forced deportation, indoctrination and militarisation of Ukrainian children, and 56 designations targeting individuals responsible for Kremlin-backed information warfare campaigns. See the [full designation list](#) and [sanctions notice](#).

The 5 and 11 May 2026 tranches added 120 individuals and entities to the UK sanctions list this month alone.



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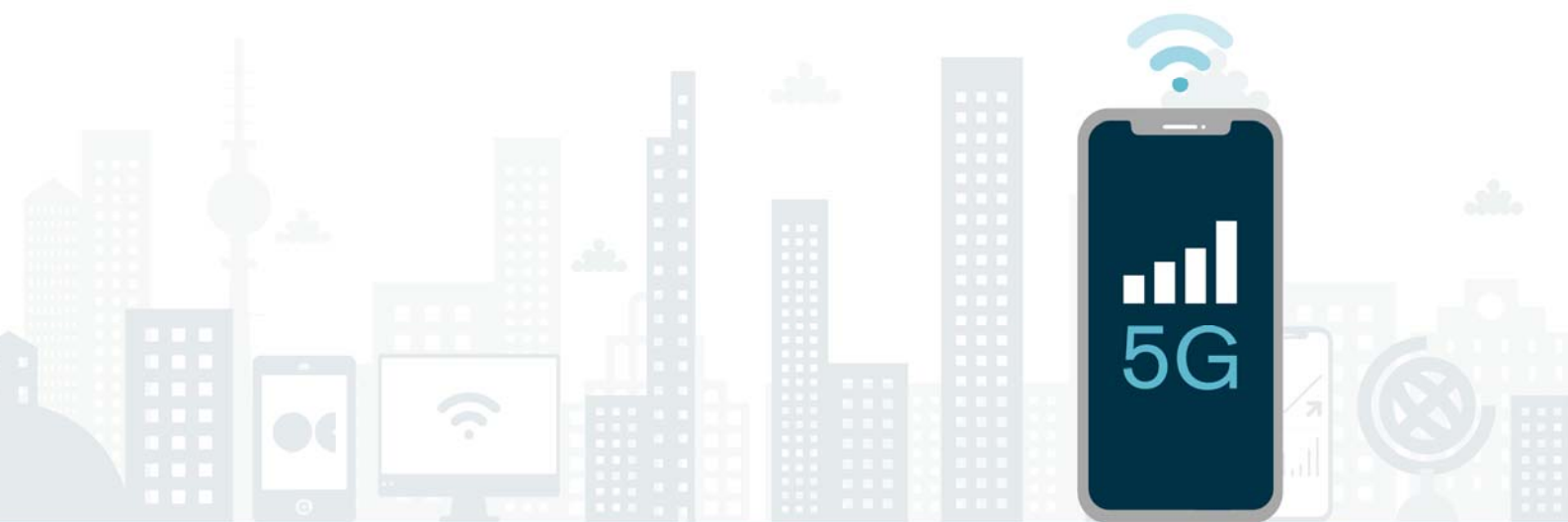
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# Telecoms

## **Ofcom opens consultation on proposed changes to revised telecoms security incident reporting framework**

On 12 May 2026, Ofcom [published a consultation](#) on proposed changes to its general Statement of Policy under section 105Y of the Communications Act 2003, with a closing date for responses of 4 August 2026 at 5pm.

The statement of policy, first published in 2022, governs how Ofcom exercises its security-related functions under the Communications Act 2003, including compliance monitoring, assessment and enforcement powers, and the processes for reporting security compromises.

Ofcom's proposed changes include:

### ***Compliance monitoring approach***

Ofcom proposes to update the expected frequency of section 135 information notices from approximately every nine months to every twelve months.

It further proposes to integrate assessment notices under sections 105N–105Q into its ordinary supervisory toolkit, moving away from their previous characterisation as primarily an escalatory measure, on the basis that they may be a more appropriate and proportionate means of assessing compliance in certain circumstances.

### ***Mobile security compromise reporting thresholds***

Ofcom proposes to replace the existing reporting processes based on individual mobile network operator (MNO) definitions of Major Service Failures with universal criteria based on the number of end customers and/or cell sites affected and the duration of service loss or major disruption.

The proposed thresholds would maintain the 100,000 customers affected for any duration threshold and align the 10,000 or 25% of customers affected for eight hours threshold between mobile and fixed networks.

Ofcom also proposes introducing cell site-based thresholds, including a requirement to report outages affecting 25 or more cell sites in semi-urban and urban areas, and a specific rural threshold whereby an outage at one or more cell sites would be reportable via monthly bulk reports, unless there are concurrent quantitative or qualitative factors that make the incident reportable earlier.

### ***Severity categorisation and critical threshold***

Ofcom proposes to rename its incident categories from "urgent", "non-urgent" and "non-major" to "critical", "major" and "moderate" respectively, and to lower the critical reporting threshold from 3 million to 1.5 million user-hours lost, to better reflect the range of mobile virtual network operator (MVNO) subscriber bases.

### ***Reporting template and RAN data***

Ofcom proposes to add explanatory guidance to the reporting template, introduce three new columns to the bulk reporting template (third party details, global cell IDs, and other notes), and require MNOs to share a list of all their RAN cells on a monthly basis to enable correlation of incident reports with accurate location data.

### ***Further clarifications***

Ofcom proposes to clarify that communications providers cannot rely on third parties to report on their behalf, that combined service interruptions from a common cause (such as severe weather) that collectively reach the reporting thresholds are reportable, and that incidents remain reportable even where emergency roaming has preserved 112/999 access.

### ***Why it matters***

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# Telecoms

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The proposed changes are designed to provide communications providers with clearer and more consistent criteria for determining when a security compromise must be reported, replacing arrangements that Ofcom found resulted in inconsistent levels of reporting across the industry.

Communications providers should anticipate implementation costs associated with the proposed changes, including potential capital expenditure to differentiate between urban and rural cell sites, adjustments to internal reporting systems and processes, and operational expenditure for the completion of additional incident reports. However, Ofcom's impact assessment indicates that it does not consider these changes will result in material additional costs overall.

Ofcom's clarification that the legal responsibility of reporting rests with the communications providers means they should review their contractual arrangements and information-sharing protocols with third parties to ensure they can meet this obligation in practice.

Communications providers should be prepared for a shift in Ofcom's supervisory posture, including the integration of assessment notices as a standard compliance tool rather than an exceptional measure. Providers should ensure they are operationally ready to facilitate such assessments at shorter notice.

## Key dates

**Consultation closes:** 4 August 2026 at 5pm

**Decision expected:** Autumn 2026



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