Regulatory Outlook

The spotlight development this month is the UK government's announcement of online safety measures intended to protect children, including a social media ban for under-16s, along with other restrictions being proposed internationally. See the digital regulation, health and safety and advertising and marketing sections for more

June 2026

Contents

Advertising and marketing

Advertising and marketing

UK updates

ASA updates its complaint handling procedures

The Advertising Standards Authority (ASA) has published updates to its complaint-handling procedures, which took effect on 29 May 2026. The ASA highlights the following changes:

- Clarification of the circumstances in which the ASA will require a complainant with a clear interest in the outcome of a case, or a relevant public profile, to have their identity or expertise disclosed to the other parties and named in any ruling.
- Clarification that the ASA reserves the right to decline new evidence submitted late in the formal investigation process, unless the need to provide such evidence was not reasonably foreseeable.
- Explanation of when the ASA might provide an advertiser with a provisional view, in its initial correspondence, on whether the complaint is likely to be upheld and why, based on the information in its possession at that initial stage of the process.
- Alteration of the deadline for receipt of requests for a suspension of a ruling from publication pending independent review.
- A new provision to enable the independent reviewer to decline an independent review that has met the threshold for review if, in their assessment, the outcome would not be substantially different for the applicant.
- Introduction of a glossary of terms.

CAP issues enforcement notice on gambling ads with strong appeal to under-18s

Despite the Committee of Advertising Practice (CAP) having updated its guidance on "Gambling and lotteries advertising: protecting under-18s", clarifying how the "strong appeal" test should be applied, and the ASA's rulings outlining its approach to assessing such likely appeal, CAP and the ASA are still occasionally identifying gambling ads that include sports stars, club logos, stadiums or branding likely to make them of strong appeal to under-18s.

In light of this, CAP has published an enforcement notice applicable to gambling ads within the remit of the UK Code of Non-broadcast Advertising and Direct and Promotional Marketing (CAP Code). The notice calls on advertisers to ensure that their ads comply with the CAP Code, namely that: (i) any live ads likely to be of strong appeal to under-18s be amended or withdrawn immediately; and (ii) advertisers avoid publishing future ads that are likely to be of strong appeal to under-18s. It also provides examples of visual elements likely to be of strong appeal to under-18s, drawn from the ASA's rulings.

CAP and the ASA stated their intention to begin actively monitoring and enforcing compliance from 11 June 2026.

CAP consults on changes to rules on premium-rate telephone service advertising

CAP and the Broadcast Committee of Advertising Practice (BCAP) have launched a consultation on changes to the way the Advertising Codes regulate ads relating to premium-rate telephone services (PRS).

Under the Communications Act 2003, Ofcom is responsible for regulating a subset of PRS known as "controlled PRS". For many years, it contracted out this responsibility to bodies including the Phone-paid Services Authority (PSA), which set and enforced standards through a code of practice. In February 2025, Ofcom assumed direct responsibility for regulating PRS under the Regulation of Premium Rate Services Order 2024, replacing the PSA code and disbanding the PSA. The CAP and BCAP Codes currently refer to the PSA Code.

Following the introduction of the new PRS framework, CAP and BCAP identified a misalignment between the dedicated rules in section 22 of the BCAP Code and the 2024 Order. After liaising with Ofcom, they concluded that a consultation was necessary to update the codes' treatment of PRS advertising. Given the low volume of PRS-specific complaints and a

general improvement in regulatory compliance, CAP and BCAP consider that there is a strong case for simplifying the codes' approach to PRS advertising. The proposals include removing PRS-specific rules from the BCAP Code, aligning its approach more closely with that of the CAP Code, and updating references throughout both codes to reflect the current regulatory arrangements.

The ASA will continue to assess PRS-related complaints with a view to referring potential compliance issues to Ofcom under the 2024 Order. To guard against regulatory gaps, the ASA may also apply general provisions of the Advertising Codes – such as rules on misleading claims, harm or offence, and sector-specific requirements covering advertising for services like gambling and lotteries – to aspects of an ad falling outside the scope of the 2024 Order.

The consultation closes on **22 July 2026**.

CAP note on ASA assessment of ads forming part of a wider marketing campaign

CAP has published a note on how the ASA assesses complaints relating to ads that form part of a marketing campaign. The ASA assesses each ad in isolation. CAP explains that to do otherwise would mean relying on consumers to have seen the messaging across an entire campaign, whether by chance or through their own initiative, which is not always the case. The ASA has previously ruled against an ad which, when assessed in isolation, was likely to cause serious offence, notwithstanding the advertiser's assertion that the wider campaign was intended to convey a different message.

Marketers should also ensure that their advertising is not misleading and contains all the key information a consumer needs in order to decide whether to respond to any call to action. A response in this context could include deciding to purchase the product, entering a competition, participating in a promotion or clicking through for more information.

CAP states that whether an ad is standalone or part of a wider campaign, the onus is not on the consumer to seek out additional information in order to understand each individual ad. This needs to be taken into account by marketing teams if they are designing campaigns made up of multiple messages and ads within a common theme or framework.

CAP publishes guidance note on the use of AI-generated content in advertising

CAP has published a guidance note reminding advertisers of key considerations when using AI-generated content in ads. CAP reiterates that the CAP Code is media-neutral and therefore applies regardless of how content is created. It also notes that AI-generated ads must not mislead consumers – for example, an AI-generated celebrity "endorsement" that appears sufficiently realistic to mislead consumers may breach the CAP Code. CAP further highlights that there are associated personality and intellectual property rights when using a public figure's likeness without permission. Finally, CAP reminds advertisers that they remain ultimately responsible for any AI-generated content used in their ads. (See also Health and safety section.)

CAP publishes article on advertising accessibility and material information

CAP and BCAP have engaged with stakeholders to understand how advertising accessibility is evolving. In its article on accessibility provisions in advertising, such as audio description, closed captions and sign language, CAP notes that some stakeholders expressed the view that accessibility in advertising should be made compulsory. However, the ASA is not in a position to impose such a requirement on advertisers. CAP observes that there is currently no legislation requiring ads to be accessible and says that, if such a requirement was introduced, it should come through legislation. The ASA is ready to support greater accessibility if Parliament decides to explore such measures. In the meantime, the ASA encourages advertisers to consider accessibility from the outset of the creative process.

In relation to material information, CAP further notes that where information is material to a consumer's decision about whether to respond to an ad, that information should also be communicated through any accessibility features used in the ad. This ensures that consumers relying on those features have access to the same material information as everyone else.

Advertising and marketing

EU updates

European Commission calls for evidence on revised EU tobacco rules

See products section.

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

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

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

Artificial Intelligence

Artificial Intelligence

UK updates

Government unveils UK AI Hardware Plan and AI Economics Institute

The government has announced the AI Hardware Plan, setting out how the UK intends to develop, deploy and scale the chips and semiconductor technologies underpinning AI. The plan aims to create opportunities for UK AI hardware firms to compete globally and secure the country's strategic advantage in this area. The EU is pursuing a similar agenda through its Technological Sovereignty Package, which includes the Chips Act 2.0 (see the EU updates section below for further details).

The government has also introduced the AI Economics Institute (AIEI), a joint research organisation of HM Treasury and the Department for Science, Innovation and Technology, to assess AI's economic impacts. The AIEI will examine how AI is affecting productivity, labour markets and growth, including whether AI gains are broadly shared across regions, income groups, sectors and generations. It is not a policy-setting body; its role is to improve the quality and timeliness of the evidence on which government policy decisions rest. The AIEI will collaborate with businesses and frontier AI firms to understand AI adoption across the economy.

Government launches AI Growth Labs starting with legal services

A further government announcement relates to its AI Growth Labs initiative – regulatory sandboxes that will allow AI applications to be tested in a secure environment. Legal services have been chosen as the first sector to benefit from the project. The AI Growth Labs will provide tech innovators with a safe space in which to test innovative legal services products and discuss regulatory issues directly with regulators. The Information Commissioner's Office (ICO) has stated that it will collaborate with the Council for Licensed Conveyancers, the Solicitors Regulation Authority and the Legal Services Board on cross-regulatory challenges.

The government states that applications for the AI Growth Labs will open later this summer for tech innovators in legal services, with the programme to be rolled out to other sectors later this year.

UK paves the way for self-driving vehicle services

The government has opened applications for operators to run taxi, bus and private hire-style self-driving vehicle services in Great Britain, with passengers potentially able to book journeys later in 2026.

Services will be subject to government approval, including strict safety assessments to ensure the technology is protected against cyber and security threats. The pilot scheme intends to gather real-world evidence on how self-driving vehicles operate on everyday roads, including navigating busy urban streets, interacting with traffic and carrying passengers safely. Local transport authorities must also provide consent.

Findings from the pilots will inform the development of self-driving vehicle regulations, which the government is currently progressing following a call for evidence that closed earlier in March. See the products section for details of the recently published consultation on the statement of safety principles.

DRCF's call for views on consumer attitudes and AI

The Digital Regulation Cooperation Forum (DRCF), comprising the ICO, Ofcom, the Competition and Markets Authority and the Financial Conduct Authority, is inviting views on the following topics:

- **Consumer attitudes**. The DRCF is seeking insight into consumers' approaches to the risks of generative and agentic AI adoption, including the extent to which they are prepared to "tolerate risks in exchange for benefits of AI adoption". The deadline for responses is 3 July 2026.
- **Tools for managing AI risks**. The DRCF is also seeking views on the tools and frameworks available to policymakers, regulators, industry and consumers to manage AI risks effectively, without unduly restricting AI opportunities and growth. The aim is to inform the policy discussion on AI risk mitigation. The deadline for responses is 2 September 2026.

These calls for views form part of the DRCF's "Consumer interest and AI" project, which aims to gather insights and research from member regulators and other stakeholders, particularly consumer groups and civil society, on consumer attitudes to the risks posed by generative and agentic AI.

Artificial Intelligence

ICO responds to government on AI innovation plan

See the data law section.

EU updates

Final code of practice on marking and labelling of AI-generated content published

The European Commission has published the final code of practice on marking and labelling of AI-generated content under the EU AI Act. The code is voluntary and aims to support providers and deployers of generative AI systems in complying with the AI Act's requirements for labelling and marking of AI-generated content in Article 50(2), (4) and (5) of the AI Act.

The code consists of two sections: (i) on marking and detection of AI-generated and manipulated content applicable to **providers** of generative AI systems; and (ii) on labelling deepfakes and AI-generated and manipulated text applicable to **deployers** of AI systems.

These obligations are officially set to take effect on 2 August 2026. However, this date is likely to change in relation to the watermarking obligations under Article 50(2) for systems placed on the market or put into service before 2 August 2026. That provision requires providers of AI systems to ensure that AI-generated content is marked in a machine-readable format and detectable as artificially generated or manipulated. An amendment provisionally agreed as part of the Digital Omnibus on AI would, if adopted, introduce a transitional period for providers of those existing systems, with a new deadline of 2 December 2026.

Providers and deployers of generative AI systems may sign up to the code, which is currently undergoing an adequacy assessment by the Commission and the AI Board. Once approved, signatories will be able to rely on its measures to demonstrate compliance with the relevant obligations under the AI Act. Non-signatories will need to explain and document how their chosen measures ensure compliance.

The code will be complemented by Commission guidelines on which the Commission consulted in May 2026 (see this Regulatory Outlook for more information).

European Commission launches Technological Sovereignty Package covering chips, cloud and AI

The European Commission has presented the European Technological Sovereignty Package, a set of measures to strengthen the EU's capacity in semiconductors, AI, cloud and open source. The package includes two legislative proposals:

- The Chips Act 2.0, which builds on the progress made by the original Chips Act, and aims to introduce further measures to boost the EU's chips industry, reduce strategic dependencies and support the design and production of both mainstream chips and cutting-edge semiconductor technologies that power AI applications.
- The Cloud and AI Development Act is a central part of the Commission's AI Continent Action Plan, which aims to make the EU a global leader in AI. The Act intends to streamline conditions for deploying cloud and data centre infrastructure across the EU, "at least tripling the EU's data centre capacity" within the next five to seven years, with a focus on sustainable and innovative facilities. It also aims to introduce an EU-wide framework to assess cloud and AI sovereignty and reduce strategic dependencies in critical digital infrastructure.

The package also includes an Open Source Strategy intended to scale up open source alternatives in areas such as cloud, AI, cybersecurity and semiconductors. See this Insight for more information on the strategy.

The package further includes a Strategic Roadmap for Digitalisation and AI in Energy, which addresses the increasing energy demand of digital infrastructure and sets out how AI and other digital solutions can support a clean, competitive and secure EU energy system.

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

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

Artificial Intelligence

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

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

Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

Extension of identification doctrine to all criminal offences

The Crime and Policing Act 2026 received Royal Assent on 29 April 2026. Section 250 of the Act, which extends the identification doctrine to all criminal offences committed by a senior manager acting within their actual or apparent authority, comes into force on 29 June 2026. It replaces sections 196-198 of the Economic Crime and Corporate Transparency Act 2023, which had introduced a statutory basis for attributing criminal liability to corporates in respect of specified economic crimes committed by senior managers deemed to represent the "controlling mind and will" of the organisation.

Organisations should review their governance frameworks, senior manager accountability structures and internal compliance programmes to ensure they are equipped to identify and address conduct that could now more readily be attributed to the corporate entity itself.

Money Laundering and Terrorist Financing (Amendment) Regulations 2026

As previously reported, the Money Laundering and Terrorist Financing (Amendment) Regulations 2026 have been made and published, amending the Money Laundering Regulations 2017 (MLRs 2017) and related provisions in the Terrorism Act 2000 and the Proceeds of Crime Act 2002.

Key changes include:

- amendments to the due diligence requirements relating to unusually complex or unusually large transactions, high-risk jurisdictions, pooled client accounts and cryptoasset correspondent relationships;
- updating currency thresholds from euros to sterling;
- strengthening the anti-money laundering (AML) regime for cryptoasset businesses, including new enhanced due diligence (EDD) for cryptoasset correspondent relationships and aligning it with the forthcoming regulatory framework for cryptoassets; and
- changing the definition of "high risk third country" to "FATF call for action country", which affects the obligation to apply enhanced customer due diligence.

The regulations will, for the most part, come into force on 30 June 2026. The new EDD requirements for cryptoasset correspondent relationships come into force on 1 February 2027.

See also the explanatory note.

JMLSG consults on revisions to Part 1 of AML and CTF guidance

The Joint Money Laundering Steering Group (JMLSG) has published a consultation on proposed amendments to Part I of its AML and counter-terrorist financing (CTF) guidance for the financial services sector.

The consultation proposes amendments to:

- Paragraph 2.9: relating to guidance on firms' policies, controls and procedures.
- Paragraph 5.2.4A: relating to an exception when opening an account for a customer of a UK insolvent bank.
- Paragraph 5.3.142 and Annex 5-V: relating to guidance on pooled client accounts.
- Paragraphs 5.3.94A and 5.3.99: relating to guidance on customer due diligence, particularly the verification of identity of persons acting on behalf of a customer.

The consultation closes on 29 June 2026.

AMLA consults on draft guidelines on ongoing monitoring of business relationships under AML Regulation

The Anti-Money Laundering Authority (AMLA) has published a consultation paper on draft guidelines on ongoing monitoring of business relationships under the AML Regulation (AMLR).

Under Article 26 of the AMLR, obliged entities are required to conduct ongoing monitoring of business relationships and transactions undertaken by the customer, to detect any unusual or suspicious transactions or activities. The draft guidelines set out principles applicable across both the financial and non-financial sectors on:

- Keeping customer documents, data and information up to date. The guidelines set out the sources of information that may be used by obliged entities to update customer documents, data or information.

- Transaction and activity monitoring frameworks. The guidelines set out how obliged entities should design, implement and test monitoring frameworks to detect unusual or suspicious transactions and activities.

The consultation closes on 3 September 2026. The AMLA intends to publish the final version of the guidelines in Q4 2026.

FCA responds to firms' questions on interaction between MLRs 2017 and new cryptoassets regulatory framework

The Financial Conduct Authority (FCA) has published a set of responses to questions from firms relating to obligations under the MLRs 2017 that will be applicable to firms when providing cryptoasset services under the FSMA (Cryptoassets) Regulations 2026, which come into force on 25 October 2027.

The responses cover a number of areas, including:

- **Regulatory perimeter and transition**. Registration under the MLRs 2017 remains the route for firms wanting to provide cryptoasset services within the scope of those regulations before the new cryptoasset regime comes into effect. As there is no automatic conversion for firms registered under the MLRs 2017, firms will need to obtain FCA authorisation. Firms that are already authorised under the Financial Services and Markets Act 2000 (FSMA) for other regulated activities will need to vary their existing permissions if they wish to offer one of the new cryptoasset regulated activities. The FCA will start accepting applications for authorisation under FSMA from 30 September 2026. It encourages new firms to secure authorisation under FSMA, rather than applying for registration under the MLRs 2017. The application window will be open from 30 September 2026 until 28 February 2027.
- **Authorisation expectations and application quality.** The financial crime assessment under the new cryptoasset regime will be broader than registration under the MLRs 2017 and includes assessment of areas such as governance, systems and controls, resources and readiness.
- **AML governance, MLRO and senior management arrangements.** Firms seeking FSMA authorisation must comply with the FCA's expectations on systems and controls, governance and leadership. They should ensure individuals in key AML roles, including the money laundering reporting officer (MLRO), are competent, appropriately experienced and have sufficient time and resources to fulfil their responsibilities effectively.
- **Crypto-specific risk assessment and typologies.** Firms should take a risk-based approach to identifying and assessing ML/TF risks that are specific to their cryptoasset activities. They should also demonstrate how the business-wide risk assessment (BWRA) drives their customer due diligence, monitoring and wider control framework. The BWRA should be based on the firm's transaction flows and exposure points, rather than a generic list of cryptoasset risks.

See also the recording for the related FCA webinar.

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

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

Zoe Hunt, Associate
T: +44 117 917 3918
zoe.hunt@osborneclarke.com

Competition

Competition

Civil engineering

Following nearly a year of investigation into the road and rail civil engineering sector, the Competition and Markets Authority (CMA) has released its Civil Engineering Market Study report. Its key finding is that the root causes of elevated costs, frequent project overruns and sluggish innovation lie with the way government structures its planning, funding and procurement, rather than with the industry itself. To address this, the report puts forward 19 recommendations, of which seven are considered critical, spanning four priority areas: embedding strategic oversight at HM Treasury level, securing more stable and extended funding commitments, mandating procurement best practice and cutting through regulatory complexity across road and rail. It is now on the government to set out its response by late August 2026. For a full analysis of the implications for contractors, suppliers and procuring authorities, read our Insight.

Live music industry – calling for a CMA market investigation

The Commons Business and Trade Committee has published a report recommending that the CMA launch a full market investigation into the live music industry before the end of 2026.

The inquiry was initially triggered by the 2024 Oasis ticket controversy, which prompted a CMA investigation finding that Ticketmaster had misled consumers and used unclear ticketing practices. Subsequent evidence sessions with Ticketmaster and its parent company Live Nation in February and June 2025 deepened the committee's concerns about competition in the sector. A subsequent call for written evidence received 45 submissions, a significant proportion anonymously, with contributors citing fear of reprisal from Live Nation.

The committee concluded that Live Nation meets all three of the CMA's factors for determining market dominance. Key concerns include:

- Live Nation directly controlled 58% of the 23.1 million primary tickets on sale in 2025 (rising to 66% including affiliates).
- Long-term exclusivity arrangements tie venue access to festival participation, squeezing out independent promoters.
- Ticketmaster's infrastructure requires third-party agents to integrate their systems with its own, enabling Live Nation to harvest competitor customer data.
- Cross-subsidisation from high-margin ticketing allows Live Nation to offer artist contracts smaller competitors cannot match.
- Only 30% of 2026 arena and stadium tickets have supported the grassroots levy, widely attributed to Live Nation's non-participation.

The findings are reinforced by international action; in April 2026, a US federal jury found Live Nation had illegally maintained a monopoly.

The committee has also recommended that the CMA use its powers under the Digital Markets, Competition and Consumers Act 2024 to impose remedies if required.

A full CMA market investigation could result in significant structural remedies, including the potential break-up of parts of the business or forced divestiture (as seen with the recent Getty Images/Shutterstock merger) of venues, festivals, or ticketing operations.

The CMA could use its powers under the Act to impose binding orders on how Live Nation operates in the UK.

Live Nation would face intense regulatory scrutiny, likely requiring significant legal and compliance resource.

CMA open consultation on merger efficiencies guidance

On 3 June 2026, the CMA published a consultation on draft revised guidance on its approach to assessing rivalry-enhancing efficiencies in mergers (improvements that enable the merged entity to act as a stronger competitor to its rivals). The consultation, part of the CMA's broader 4Ps reform programme, is open until 1 July 2026. For more, read our detailed Insight.

The CMA proposes to retain its current analytical framework, but provides additional clarity on its application. It confirms that efficiency claims are subject to the same evidentiary standards as its assessment of potential harms and encourages early engagement on efficiency claims rather than raising them after theories of harm have crystallised.

The draft revised guidance provides additional clarity on the application of the criteria:

- **Timeliness**: The CMA's approach will recognise that different efficiencies can arise over different timeframes and will apply appropriate discounting to expected future gains when comparing costs and benefits occurring over time. It will also consider the timeliness of expected efficiencies with the timing of harm arising from the merger.
- **Likelihood**: The CMA will assess whether the merged entity has the ability and incentive to deliver the claimed efficiencies. Where efficiencies are credible but uncertain in timing or delivery, remedies may be used to secure them.
- **Sufficiency**: The CMA will consider the overall competitive impact across both price and non-price factors. It will consider how harm and efficiencies vary over different timeframes, including situations where short-term harm precedes longer-term benefits, and whether time-limited substantial lessening of competition (SLCs) can be addressed with proportionate remedies.
- **Merger specificity**: The CMA will assess whether efficiencies could realistically be achieved by other means, considering the feasibility, costs, risks and barriers of alternatives and whether it would be commercially rational to pursue them.

Commission opens consultation on territorial supply constraints

On 28 May, the European Commission launched a public consultation on its planned action to address territorial supply constraints (TSCs). TSCs are a subset of practices used by manufacturers and suppliers of goods to organise the way in which their resellers engage with customers in order to optimise sales efforts. This can be achieved by suppliers determining either the territories or customer groups that resellers can actively pursue, or the conditions they must meet in order to become an authorised reseller. TSCs refer to the limitations aimed at enforcing the first category of objectives, and can range from active sales bans to certain types of territorial product differentiation.

The Commission's view is that "TSCs in retail and wholesale fragment the Single Market, limit consumer choice and contribute to significant price differences across the EU". Manufacturers argue that additional regulation is unjustified, and note both that existing enforcement of competition rules on a case-by-case basis is adequate to address any unjustified uses of TSCs, and that price differences between EU member states can account for legitimate local differences such as consumer preferences, competitive conditions and regulatory requirements.

TSCs have long been on the Commission's agenda. In recent years, in parallel to the rising cost of living crisis, the Commission's focus has shifted from pharmaceuticals, a sector with a long history of enforcement on this topic, to fast-moving consumer goods. The latest probes carried out in this area resulted in significant fines imposed on Mondelez in 2024 for hindering cross-border trade in chocolate, biscuits and coffee products; and on AB InBev in 2019 for restricting cross-border sales of beer.

The Commission's ongoing public consultation invites retailers, wholesalers, manufacturers, public authorities, consumers, civil society organisations and academia to share their views, evidence and experiences of TSCs via the Have Your Say portal until 20 August.

Proposed solutions

In its 2025 Single Market Strategy, the Commission identified TSCs as one of the "Terrible 10", that is, the 10 most harmful barriers to the Internal Market. It identified that many TSCs can have potentially negative effects on the market yet still fall outside the scope of application of competition law, namely those resulting from practices of large manufacturers that are not considered to be in a dominant position. It is considering the following options to address this gap:

- **Option 1: Self-regulatory action (for example, a code of conduct)**. Stakeholders identify practices that hamper the sourcing of products across the EU and those that may be justified.
- **Option 2: Guidelines for national authorities and market operators.** The European Commission identifies practices that hamper the sourcing of products from across the EU and those that may be justified.

- **Option 3: Legislation based on the concept of economic dependence** that would cover TSCs resulting from unilateral decisions by non-dominant operators.
- **Option 4: Legislation identifying prohibited practices** and those that may be justified.

Impact on businesses

Adoption is planned for the last quarter of 2026, and the impact on businesses will depend on the Commission's chosen option. Retailers will benefit from a strengthened legal right to buy and resell across EU Member States. It is unclear what it will mean for national and regional price differentials, as price harmonisation is not currently tabled for discussion. For manufactures, Options 3 and 4 would see those classed as non-dominant come under regulatory scrutiny on unilateral practices.

In the meantime, manufacturers should begin mapping distribution strategies against any practices the Commission has highlighted as problematic. If you would like to discuss this or require support submitting a response to the public consultation by 20 August, please get in touch with the experts below.

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

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

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

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

Consumer law

Consumer law

CMA secures court-endorsed settlement with Emma Sleep over misleading online sales practices

The Competition and Markets Authority (CMA) has secured a settlement with Emma Sleep after the company admitted it infringed consumer law by using misleading urgency claims.

The CMA launched an investigation into Emma Group in 2022 over concerns about its use of online sales practices such as misleading countdown timers, "high demand" messages and discount claims that could pressure consumers into making purchases. In 2024, the CMA informed the Emma Group that unless the company committed to making changes to its practices, it would commence court action. The CMA subsequently filed a claim in the High Court.

In May 2026, the CMA secured a settlement with Emma Sleep. As part of the settlement, Emma Sleep has given binding undertakings to cease the infringing practices identified and ensure that future pricing claims on its website are clear, accurate and do not create a misleading sense of urgency.

Under the terms of the settlement, it must also implement robust compliance measures across its business, including monitoring adherence to the undertakings, reporting to the CMA regarding such adherence, and taking prompt action to address any potential breaches.

A separate issue concerning Emma Sleep's use of "was/now" reference pricing remains ongoing and was to be determined separately at a trial starting on 4 June 2026.

The Emma Sleep case was conducted under the CMA's previous enforcement powers, which required the CMA to bring court proceedings to enforce consumer protection law. Under the Digital Markets, Competition and Consumers Act 2024 (DMCCA), the CMA now has direct enforcement powers and no longer needs to go to court to take action against businesses that breach consumer law, thereby significantly increasing the practical enforcement risk for businesses.

CMA fines business for opting customers into paid services

The CMA has fined appliances retailer Marks Electrical Limited £720,000 for infringing consumer protection law, as part of an investigation launched in November 2025, using its direct enforcement powers under the DMCCA.

The CMA found that the company automatically opted customers into, and charged them for, extra services without their express agreement. Opting consumers into making extra payments under a contract without obtaining their express consent before the consumer becomes bound by the contract is prohibited under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013. The CMA has also referred to its guidance on getting consent for additional charges when selling online.

As part of the settlement, Marks Electrical will be required to refund charges paid by consumers who were automatically opted into purchasing additional services and must also report back to the CMA.

The fine includes a 40% reduction for settling the case, as the company admitted the breach and agreed to adhere to a streamlined administrative procedure.

CMA launches investigation into Ryanair's mandatory family seat fee

The CMA has launched an investigation into Ryanair in relation to a potentially unfair contract term requiring consumers travelling with a child to pay a mandatory fee to sit next to that child on flights.

Ryanair's terms and conditions require at least one parent to sit with their children aged two to 11 when they fly. An adult has to pay a fee to secure a seat next to their child. For all other passengers, reserving a seat is optional. The CMA is investigating whether Ryanair's approach to seat reservations may mean that parents are being charged for the airline to meet its child safety and disability-related obligations under aviation rules.

The CMA is additionally examining the presentation of the fee on Ryanair's website and, specifically, whether the fee is included in the total price displayed to the consumer at the beginning of the purchase process. The DMCCA includes prohibitions on omitting "material information" from an invitation to purchase, which must include all material information, including mandatory fees and charges. "Drip pricing" (showing consumers an initial headline price for a product and then adding further mandatory charges during the purchasing process) is a prohibited practice.

CMA writes to trader recommendation platforms following review

Consumer law

Following a review of trader recommendation platforms (TRPs), the CMA has written to several platforms where it has identified concerns with their practices. The CMA's Executive Director for Consumer Protection has also published a joint article with National Trading Standards outlining their main concerns and reminding TRPs of their obligations under consumer law. They state that they will continue to monitor TRPs' practices.

Chancellor announces new powers for regulators to tackle crisis-related price gouging

The chancellor has announced that the government will introduce a new framework giving the CMA and other regulators "stronger, more targeted powers" to act quickly to tackle price gouging, where companies raise prices excessively and unfairly during a crisis.

The government stated that where regulators identify concerning practices, they could publicly disclose information on how companies have changed their margins in response to an economic crisis and the reasons for doing so.

It stated that it is prepared to go further if needed. Where necessary, it may grant the CMA and other regulators targeted enforcement powers to direct firms to alter their pricing practices during an emergency and, where necessary, to impose penalties.

Civil Aviation Bill: new consumer protection powers for the CAA and enhanced air passenger rights

The Civil Aviation (Consumer Protection and Regulatory Reform) Bill had its first reading in the House of Lords on 14 May 2026. It focuses, among other things, on supporting the aviation industry and strengthening related consumer rights.

Among other things, the bill gives the secretary of state powers to make regulations addressing the rights of air transport services' and airport services' users, the duties and liabilities of air transport service providers, those who advertise or market those services and airport operators. The regulations may make provisions in relation to price transparency, baggage loss or damage, liability for passenger death or personal injury, passenger accessibility and information requirements.

The bill also amends the DMCCA and the Consumer Rights Act 2015 to give the Civil Aviation Authority direct consumer enforcement powers in relation to air transport and airport services, alongside the CMA's existing role as a "direct enforcement authority" for general consumer protection infringements.

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

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

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

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

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

Cyber-security

Cyber-security

Cyber Security and Resilience Bill progress update

As previously reported, the Cyber Security and Resilience Bill did not complete its passage through the last parliamentary session before Parliament was prorogued at the end of April 2026.

The government passed a carry-over motion for the bill, which was reintroduced in the 2026-27 session of Parliament on 14 May 2026 at the report stage. The third reading took place on 16 June 2026, after which the bill will proceed to the House of Lords for further consideration.

ICO publishes guidance on protecting organisations from AI-powered cyber threats

The ICO has published a blog post outlining five steps organisations should take to strengthen their resilience against AI-powered cyber threats.

- Know what you're up against – the ICO highlighted several AI-powered risks facing organisations, including AI-enhanced phishing attacks, deepfake social engineering and AI malware. The ICO recommends the Cyber Assessment Framework to understand the potential threats posed by criminals using AI technologies.
- Get the basics right and layer your defences – the ICO expects organisations storing or using personal data to implement the Cyber Essentials scheme and Cyber Governance Code of Practice. In addition, the ICO emphasises the importance of patching and updating processes to ensure security fixes are applied in a timely manner.
- Restrict access points – the ICO emphasises that organisations should implement multi-factor authentication on all remote access, admin accounts and email, and strong password policies, applying the "principle of least privilege". It also highlights the importance of supply chain security, through inclusion of security requirements in contracts and conducting proportionate due diligence.
- Improve your detection, monitoring and incident response – the ICO expects organisations to implement security monitoring for suspicious activity, vulnerability scanning and penetration testing, and to maintain an incident response plan.
- Protect personal data – the ICO reminds organisations that obligations under the UK GDPR require the implementation of appropriate technical and organisational measures to protect personal data.

Although the measures are not new, the ICO emphasises that AI brings renewed urgency given the increased speed and sophistication of AI-powered attacks.

Ofgem consults on draft supply chain security guidance for downstream gas and electricity

Ofgem has launched a consultation seeking views on draft supply chain security guidance for the downstream gas and electricity (DGE) sector. The guidance aims to establish a consistent, proportionate and outcome-focused approach to managing supply chain security risks across a wide range of supplier relationships. The consultation also invites evidence on how the draft guidance aligns with existing operational, engineering, assurance and commercial practices. The consultation closes on 29 June 2026.

Separately, Ofgem launched a consultation in April 2026 seeking views on cyber resilience regulation for the DGE sector.

ESAs publish first report on DORA major ICT-related incidents

The European Supervisory Authorities (the European Banking Authority, European Insurance and Occupational Pensions Authority, and ESMA) have published the first annual overview of major ICT-related incidents in the EU financial sector based on a reporting mechanism introduced by the Digital Operational Resilience Act (DORA).

The report covers incidents that occurred in 2025 and highlights issues including:

- The increasingly borderless nature of ICT risks, with one third of reported major incidents having a cross-border impact. The ESAs note the growing interconnectedness of financial entities through shared infrastructures, common ICT services and cross-border business models.
- The fact that almost a third of major incidents originated from failures attributable to third parties (including ICT third-party providers, other financial entities and infrastructure providers). The ESAs argue that this illustrates the critical role of outsourced services, the interconnectedness of the financial system, and the importance of robust third-party risk management, oversight and co-ordination.

- The relatively low frequency of cybersecurity incidents. The ESAs suggest that existing security safeguards and detection mechanisms have been effective in preventing cyber incidents from escalating in seriousness.

Visit Osborne Clarke's Digital Regulation Timeline to monitor developments on DORA.

EU Commission welcomes G7 cybersecurity declaration to strengthen global digital resilience

The European Commission welcomed the adoption of the G7 Cybersecurity Working Group declaration, which outlined the need for coordinated action on post-quantum cryptography, AI-related cybersecurity risks, telecoms resilience and the protection of SMEs. Regarding next steps, the Commission will actively engage in the working group's autumn meeting to advance these key priorities, which closely align with the EU's Cybersecurity Strategy, and to finalise the work prior to transitioning the presidency of the working group to the US for 2027.

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

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

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

Marie-Claire Day, Associate Director
T: +44 20 7105 7427
Marie-claire.day@osborneclarke.com

Philip Tansley, Partner
T: +44 207 105 7041
philip.tansley@osborneclarke.com

Data law

Data law

UK updates

ICO publishes its final guidance for consumer IoT products and services

The Information Commissioner's Office (ICO) has published its final guidance for consumer Internet of Things (IoT) products and services following consultation. It is aimed at organisations that process personal information in connection with IoT products, such as smart speakers, connected TVs and toys, fitness trackers and smart watches, smart security cameras and baby monitors. It explains how data protection law and the Privacy and Electronic Communications Regulations 2003 apply to the processing of personal information in consumer IoT products. The guidance also applies to user devices (such as mobile phones and tablets) on which software or apps are installed that enable, configure or control the functionality of an IoT product.

The ICO states that it is now turning its attention to connected TVs, and will be "engaging with connected TV manufacturers this year to assess whether they are complying with the law and offering consumers meaningful choice over how their data is used".

New data protection complaints requirements under DUA Act now in force

The new data protection complaints requirements for controllers under the Data (Use and Access) Act 2025 came into effect on 19 June 2026. Controllers must now have mechanisms in place to provide data subjects with a way of making data protection complaints to them and acknowledge receipt of complaints within 30 days. They must also, without undue delay, both take appropriate steps to respond to complaints, including making appropriate enquiries and keeping complainants informed, and inform them of the outcome of their complaints.

The ICO published guidance on this requirement in February. For many organisations, the new duty required relatively little additional action to achieve compliance. However, there are some practical steps that controllers should have taken to comply. See this Insight for more information.

ICO responds to government on AI innovation plan

The ICO has published a response to the government, which asked it to publish a plan for enabling safe AI-powered innovation. The ICO has set out the progress it is making on its AI and biometrics strategy and has stated that it is developing an updated AI workplan for 2026/27. It will be focused on two overarching objectives: ensuring the public understands and has control over how AI systems process their personal data, and providing regulatory clarity to organisations deploying AI systems, including agentic systems.

Planned actions include:

- Developing an AI and automated decision-making (ADM) statutory code of practice. The ICO's consultation on its updated guidance on ADM, including profiling, closed on 29 May 2026. The guidance is intended to inform parts of the ICO's code of practice (see this Regulatory Outlook for background).
- Publishing dedicated guidance on agentic AI and UK GDPR to ensure organisations developing and deploying agentic AI tools and systems understand their data protection obligations.
- Producing public-facing resources to help individuals take informed decisions about the use of their personal data by online AI tools and services.
- Supporting organisations, in particular small and medium-sized enterprises (SMEs) and public bodies, with data protection due diligence for cloud-based AI tools and services.
- Streamlining the ICO's innovation and sandbox services.
- Addressing public concerns regarding the increasing personalisation of consumer-facing AI services and working with major tech companies to ensure that their products meet their customers' expectations in a transparent and privacy-focused way.

The ICO will also continue to support the government's development of AI Growth Labs.

ICO responds to government's proposal for a social media ban for under-16s

Data law

The government has announced a package of measures that it says will better protect children online, including an Australian-style ban on social media for under-16s. Although the announcement refers to a "social media" ban, the proposal is in fact much wider and will affect other product features and businesses. The government says that it will "go further than a blanket ban on social media with world-leading blocks on harmful functions such as livestreaming and stranger communication with children for under-16s. These restrictions – which together with the ban go further than any other country – will apply to a wider range of online services." Read more in this Insight.

In response to the announcement, the ICO has highlighted that it is already taking steps under data protection law to ensure that social media platforms prevent underage users from accessing their services. Where a platform sets a minimum age (currently 13 for most major platforms, as set in their own terms), it must ensure that children below that age cannot access those services. The ICO can take formal enforcement action against services that fail to enforce their own age restrictions, as demonstrated by its recent fine against Reddit.

Additionally, in March 2026, the ICO and Ofcom published a joint statement on age assurance, setting out what online services need to do to meet their obligations under both the Online Safety Act 2023 and UK data protection law simultaneously. See this Regulatory Outlook for more information.

EU updates

EU co-legislators agree to extend GDPR record-keeping exemptions to small mid-cap companies

In May 2025, the European Commission published its "Omnibus IV" simplification package, which proposed, among other things, to introduce a new category of "small mid-cap companies" (SMCs) and extend to them certain exemptions currently available to SMEs. See this Regulatory Outlook for background.

The European Parliament and the Council of the EU have now reached a provisional agreement on the proposal. Under the provisional agreement, the new SMC category, companies that have outgrown the SME definition, is defined as enterprises with fewer than 1,000 employees and either up to €200 million in turnover or up to €172 million in total assets (the Commission had originally proposed thresholds of 750 employees, €150 million in turnover and €129 million in total assets).

The agreement envisages, among other things, extending to SMCs the exemption from certain record-keeping obligations under the EU GDPR where the processing is not likely to result in a high risk to the data subject's rights.

The provisional agreement needs to be formally adopted by the Parliament and the Council. The co-legislators also extended the transposition deadline for the directive to 24 months.

EDPB consults on template for personal data breach notification

The European Data Protection Board (EDPB) has adopted a common data breach notification template with the aim of making "GDPR compliance easier and strengthen consistency across Europe". The template provides predefined options to choose from and further guidance on how to fill in the fields.

The template is subject to a consultation which closes on 5 August 2026. Following the consultation process, the EDPB will decide on the timeline for the practical implementation of the template by all data protection authorities.

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

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

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

Digital regulation

Digital regulation

Online safety and age assurance

UK government announces age restrictions for online services including social media ban for under-16s

Following the closure of its consultation on "Growing up in the online world", which received over 100,000 responses, the UK government has announced a package of measures that it says will better protect children online, including an Australian-style ban on social media for under-16s.

Although the announcement refers to a "social media" ban, the proposal is in fact much wider and will affect other product features and businesses. The government says that it will "go further than a blanket ban on social media with world-leading blocks on harmful functions such as livestreaming and stranger communication with children for under-16s. These restrictions, which together with the ban go further than any other country, will apply to a wider range of online services".

See more information in this Insight.

EU and G7 agree that more needs to be done to strengthen online protections for children

The UK government's announcement to ban social media for under-16s (see above) is just part of a growing consensus internationally that extra restrictions on children's access to social media and other potentially harmful internet services are needed. Various countries around the world have already introduced, or are considering, such measures, including the EU and other G7 members.

In a keynote address by the President of the European Commission at the European Summit on AI and children in May, Ursula von der Leyen proposed a "social media delay" for children in Europe and indicated that draft legislation could be brought forward as soon as the summer.

Meanwhile, during its recent meeting in Paris, G7 partners, Canada, France, Germany, Italy, Japan, the UK, the US and the EU, agreed on a set of common principles to protect children and young people from online harms. The agreed principles, based on holding platforms accountable and digital literacy, include an expectation that children's safety should be built into digital services from the outset and underpinned by effective age assurance. They call for high privacy and safety standards for minors' accounts, with safeguards built in to recommendation systems to minimise excessive engagement, as well as tools giving children greater control online. The principles also address preventing the generation and distribution of child sexual abuse material and non-consensual intimate images, including through AI. Finally, they call for digital literacy programmes for parents, teachers and minors, access to simple, effective and interoperable parental tools to help supervise minors' activities online, and enhanced data-sharing cooperation between digital services and researchers to understand the risks better and improve safety measures.

The intention is for G7 members to take the principles forward in partnership with international organisations, industry and academia. According to the Commission, the principles will be implemented through "an action plan featuring concrete initiatives to foster a safer and more secure digital environment for minors".

UK government urges smartphone manufacturers to activate measures on devices to prevent children sharing or viewing nude images

The government has announced plans requiring producers of smartphone devices to activate existing measures by September to prevent children from using their devices to take and share naked images. These measures should, the government says, be activated by default.

The government has stated that, should manufacturers fail to act voluntarily, it will introduce legislation to compel compliance, including powers to impose fines. As a last resort, it is exploring the possibility of criminal liability for technology executives who fail to comply. Legislation could extend to operating system providers and others in the supply chain, such as retailers, and would not affect the use of devices owned and used by adults who verify their age.

The announcement came just a week before the government revealed its plans to ban social media for children and introduce other restrictions on certain functionalities that are potentially harmful to children (see above), demonstrating a drive by the government to do more to protect children online following the closure of its consultation on "Growing up in the online world" at the end of May.

UK Online Safety Act updates

Digital regulation

Ofcom to introduce crisis response measures to codes of practice

Ofcom first proposed adding crisis response measures to the recommended safety measures in its codes of practice last year in its "additional safety measures consultation". Its response to the consultation is not due until the autumn, but the regulator has accelerated its response on this aspect of the consultation, as it did with the recommendation that "hash matching" technology should be used to detect non-consensual intimate images online (see this Regulatory Outlook), deciding that these crisis response measures should be added to its codes. According to Ofcom, the acceleration is due to the speed at which online harms can escalate during a crisis, leading not only to an increase in illegal content or content harmful to children appearing online (such as threats or incitement of violence, and religious or racial hatred), but also to violence offline, raising public safety concerns.

Ofcom has defined "crisis" as an "extraordinary situation in which there is a serious threat to public safety in the United Kingdom" that is "highly likely to have resulted from a significant increase in relevant content or to have caused or cause a significant increase in relevant content".

The recommendation is that regulated service providers should prepare and apply an internal protocol to mitigate and manage the risks arising from a spike in illegal content or content harmful to children appearing on their platforms. They should also conduct and record post-crisis analysis and ensure that, during a crisis, there is a dedicated communication channel through which law enforcement can contact them.

The amendments to the codes of practice will come into effect once the usual parliamentary process is completed.

Ofcom reminds service providers of duties under OSA in wake of civil unrest in Belfast

Following the recent public disturbances in Belfast, Ofcom has written to online service providers operating in the UK, reminding them of their duties under the OSA to protect people from illegal content, which can include content amounting to the offences of stirring up hatred or provoking violence.

In its letter, Ofcom refers to the crisis response measures it announced the day before (see above), saying that although they need to be brought into effect by Parliament, providers do not need to wait until then to implement them. Given the urgency of the current situation, Ofcom says that it "expects" providers to "act now" and if they already have crisis response protocols in place, they should follow them.

EU updates

European Commission consults on draft guidelines on trusted flaggers under the DSA

The European Commission has launched a consultation on draft guidelines on trusted flaggers and how the associated regime works under the Digital Services Act (DSA). Trusted flaggers are entities designated by national Digital Services Coordinators (DSCs) with expertise in detecting certain types of illegal content online, with the aim of alerting online platforms to that content. Over 70 trusted flaggers have already been designated. Under the DSA, platforms must prioritise notifications from trusted flaggers.

The draft guidelines clarify the eligibility criteria for trusted flaggers and the process by which DSCs award trusted flagger status. They also set out the technical requirements that trusted flaggers and providers should follow when processing notices of illegal content. In addition, the guidelines cover measures to ensure that trusted flaggers remain independent, objective and accountable, and advice on safeguarding their integrity. The guidelines also cover DSCs' obligations and procedures to suspend or revoke trusted flagger status where requirements are no longer being met, and recommend that trusted flaggers publish annual transparency reports on their websites by 28 February each year to align with the transparency reporting obligations of providers under the DSA.

The consultation closes on **10 July 2026**.

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

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

Digital regulation

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

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

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

Jamie Heatly, Partner
T: +44 207 105 7352
Jamie.heatly@osborneclarke.com

Employment and immigration

Employment and immigration

Employment

Getting ready for the Employment Rights Act reforms in 2026 and January 2027
The next wave of reforms under the Employment Rights Act 2025 (ERA) come into force in October 2026 and January 2027. The fact that a number of the reforms are still subject to consultation and/or awaiting further detailed regulations means the task at hand is not straightforward.

We look here at a number of the reforms including harassment, unfair dismissal, restrictions on contractual variations and the extension to Employment Tribunal limitation periods.

October will also see new rights around trade unions, including a requirement for an employer to provide specific information on the right to join a trade union in the section one statement (the outcome of a consultation is awaited to provide further detail) and also new rights for trade unions to access workplaces (digitally and by physical attendance). Read our Insight for a closer look at what this means for employers.

Osborne Clarke's practical tracker, setting out actions to take in the run up to the reforms coming into force, guides you through the associated actions and considerations; please speak to your Osborne Clarke contact for further details. Our microsite looks at each reform in detail including the impact and actions for consideration.

Two new consultations published: zero/low hours workers and rights for those with caring responsibilities

Engaging zero hours, low hour and agency workers: new obligations from 2027

The government has published a consultation, "Ending one-sided flexibility – reforms of zero hours and similar contracts". It sets out the government's current thinking on the secondary legislation needed to give effect to the zero and low hours reforms under the ERA, covering three principal areas: a right to guaranteed hours, a right to reasonable notice of shifts, and a right to compensation where shifts are cancelled, moved or curtailed at short notice. The outcome of this consultation will shape the secondary legislation.

Given the significance of these reforms to the way employers and hirers use staff on these contractual arrangements, businesses should ensure that they are auditing how they are currently using staff who may benefit from these changes and tracking the outcome of this consultation to understand what measures will need to be adopted.

The measures in the ERA apply differently to agency workers compared to directly engaged workers, reflecting the nature of agency work and the relationship between agency worker, agency and hirer. Osborne Clarke's contingent workforce team looks in more detail at the consultation in relation to agency workers.

The government has confirmed that following the consultation it will develop regulations that will provide the further, much-needed, detail on the new requirements. The consultation closes on 25 August 2026.

Carer's leave and leave to care for a seriously ill child

The government has also published a consultation on whether the current entitlements under the Carer's Leave Act 2023 (five days unpaid leave per year) are fit for purpose and what further measures might help unpaid carers stay in or return to work. Three options under review include:

- Extending the current five-day unpaid leave entitlement and if so, how many additional days would be appropriate.
- Providing a statutory "right to return" akin to that available on maternity leave and protecting an employee's role during a longer absence for caring responsibilities.
- Providing for a short period of paid leave and, if so, the duration and rate of pay applicable. Options include setting remuneration as high as 90% pay or aligning payment with statutory sick pay rates (currently £123.25 per week).

The consultation also looks at proposals for "Hugh's law"; a proposed leave and financial support for parents and caregivers immediately following the diagnosis of a child's serious illness. The consultation closes on 1 September 2026.

Updated EHRC Services Code and tribunal ruling: implications for workplace facilities policies

Two significant developments this month have added further clarity, and further complexity, to the question of single-sex facilities in the workplace.

Updated Services Code

Following the Supreme Court's ruling in *For Women Scotland Ltd v The Scottish Ministers* confirming that "sex", "woman" and "man" refer to biological sex under the Equality Act 2010, the Minister for Women and Equalities laid an updated Code of Practice on the Provision of Services, Public Functions and Associations before Parliament on 21 May 2026.

If not rejected within 40 sitting days, the code will come into force and must be taken into account by courts and tribunals. While the Services Code applies to services rather than employment, the Minister for Equalities has confirmed that its explanation of the Equality Act (in particular around unlawful discrimination and harassment) will be relevant and helpful for employers. The code makes clear that permitting individuals to use single-sex facilities on the basis of gender identity rather than biological sex will cause service providers to lose the relevant statutory exception, leaving them exposed to sex discrimination and harassment claims.

Tribunal ruling on facilities policy

A tribunal has upheld claims of indirect sex discrimination and harassment brought by an employee whose employer had adopted a policy permitting trans colleagues to use toilet and changing facilities corresponding to their gender identity. The tribunal found that the employer had failed to genuinely consider alternative provision (such as gender-neutral facilities) before extending access to single-sex spaces, and that wider consultation with staff networks, including those representing women and employees with religious beliefs, had not taken place. It also held that reliance on external guidance or prevailing good practice cannot justify a misapplication of the law; independent legal advice must be sought and responsibility for compliance rests with the employer.

Employers should review their facilities policies, carry out equality impact assessments, and consult widely with affected staff. Where single-sex facilities are provided, these should be on the basis of biological sex, but careful consideration must be given to ensuring that all employees can access toilet facilities, for example through additional provision or individual lockable rooms. The EHRC Employment Code is expected to be updated in due course, but given the time taken to finalise the Services Code, this may not be imminent.

See our recent Coffee Break for more details.

Contingent workforce

Government consults on zero-hours contract reform for agency workers

The government has published a consultation, closing on 25 August 2026, setting out its proposals for how the zero-hours contracts provisions of the Employment Rights Act 2025 will apply to agency workers. The consultation confirms that hirers will be primarily responsible for making guaranteed hours offers to qualifying agency workers, though this duty may shift to the agency in specified circumstances.

The government's preferred hours threshold, above which agency workers would be excluded from the right to a guaranteed hours offer, is between eight and 20 hours per week. Reference period options of 12, 26 or 52 weeks are under consideration, with regularity conditions to be set out in regulations.

On short-notice shift cancellations, agencies will be obliged to make payments directly to eligible agency workers and may seek to recoup these from hirers. The Fair Work Agency is expected to enforce the short-notice payment right, with a proposed penalty of 50% of arrears owed, subject to a minimum of £100 and a maximum of £5,000 per worker.

Hirers and agencies should begin assessing the impact of the proposals on their contingent workforce arrangements and consider whether proposed exclusions, including the possibility of contractually guaranteed hours arrangements that meet or exceed the hours threshold, offer a viable alternative to hirers directly engaging agency workers.

Read our Insight for more details.

Employment and immigration

Immigration

Nothing to report this month.

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

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

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

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

Danielle Kingdon, Partner
T: +44 118 925 2020
danielle.kingdon@osborneclarke.com

Shaziya Kurmani, Associate Director
T: +44 20 7105 7588
shaziya.kurmani@osborneclarke.com

Environment

Environment

Government publishes guidance and statutory hierarchy for offshore wind environmental compensatory measures

The Department for Environment, Food and Rural Affairs (Defra) has published a new compensation hierarchy and accompanying guidance, which increases compensation measures available to offshore wind developments which cause unavoidable impacts in Marine Protected Areas (MPAs).

The compensation hierarchy follows a three-tiered system. Tier one prioritises measures which benefit the area actually impacted by the development, while tier two prioritises benefitting "similar features". Tier three should be considered a last resort and requires benefitting the UK's MPAs more generally.

Environment Agency introduces intervention charges

The Environment Agency (EA) has introduced a new intervention charge from 15 May 2026. The new "fee for intervention" (FFI) will be implemented to recover the costs to the EA for investigating and resolving breaches in relation to environmental permits.

The FFI will commence once a breach is "reasonably suspected" and will be charged at £103.80 per hour for EA officer time plus materials. The charge will cover the interventions required to bring activities and operators into compliance, but will not cover the costs associated with prosecutions which will continue to be recovered under standard court costs procedures.

Draft regulations laid before parliament to update the waste carrier, broker and dealer system

The government laid before Parliament new regulations to reform the waste carrier, broker and dealer framework in England. The provisions will come into force 12 months from the regulations being "made".

The draft regulations:

- Move regulation of carriers, brokers and dealers into the Environmental Permitting system.
- Introduce new categories of regulated facilities: waste controlling, waste transporting, and waste controlling and transporting.
- Require identity and criminal record checks for operators who will also be required to display their permit number on vehicles and adverts.
- Provide stronger powers to the EA to revoke permits, issue enforcement notices and use other civil sanctions.
- Introduce a penalty of five years imprisonment for offences under the regulations.

UN urges states to act on climate change obligations

On 20 May 2026, the legislative body of the United Nations (UN) passed a resolution urging countries to implement the International Court of Justice's (ICJ) 2025 advisory opinion on states' climate change obligations into their national policy and to commit to follow-up action. The opinion unanimously found that states have an obligation under international law to act on climate change.

Introduced by Vanuatu, the resolution was passed 141-8, with votes against it including Iran, Israel, Russia, Saudi Arabia and the US. It urged countries to accelerate the phase-out of fossil fuels and scale up climate finance, encouraging concrete political commitment in response to the opinion.

While the opinion and the resolution are non-binding, this creates significant pressure on states to reflect the obligation to act on climate change in their domestic policy and legislation.

The Planning and Infrastructure Act 2025 aligns Ramsar sites in England with European sites for Habitats Regulations assessments

The Planning and Infrastructure Act 2025 (Commencement No 3 and Transitional Provisions) Regulations 2026 (SI 2026/549) were made on 20 May 2026 and Part 1 of Schedule 5 to the Planning and Infrastructure Act 2025 came into force on 21 May 2026. This part amends the Conservation of Habitats and Species Regulations 2017 (SI 2017/1012) (Habitats Regulations) such that Ramsar sites in England are now treated the same as European sites in Habitats

Regulation Assessments (HRA). A Ramsar site is a wetland of international importance designated for protection under the Ramsar Convention (of which the UK is a signatory).

While the National Planning Policy Framework requires Ramsar sites to have the same protection in planning policy as European sites, the Supreme Court clarified in the case of *CG Fry & Son Ltd v Secretary of State for Housing, Communities and Local Government* [2025] UKSC 35 that the position was different to European sites once planning permission had been granted, as European sites are protected by the Habitats Regulations. This amendment ensures the same statutory protection through the HRA process.

Environment Agency publishes high priority waste site watchlist

On 22 May 2026, the EA published its watchlist of 117 locations of high priority waste sites in England that are of concern to local communities. This watchlist is part of the EA's 10-Point Plan to tackle waste crime, published in March, by showing where it is focusing enforcement action. The watchlist will be updated every month and the EA is encouraging the public to respond with concerns they have about the sites listed.

Government publishes response to low carbon industrial products consultation

On 28 May 2026, the Department for Energy Security and Net Zero published a response to its June 2025 consultation on a policy framework to grow the market for low carbon industrial products.

The response establishes the government will:

- Adopt a minimum standard approach on an Embodied Emissions Reporting Framework (EERF) to help producers and buyers measure and report on the embodied emissions of steel, cement and concrete products. The EERF will initially operate on a voluntary basis.
- Use existing sector-specific models instead of developing its own product classifications. A cement product classification is not being pursued at this stage.
- Publish best practice guidance documents for buyers and producers covering EERF and product classification models in 2027. Voluntary low carbon procurement requirements have already been incorporated into planned updates to the Government Buying Standards for Buildings. Clients in the construction and manufacturing sectors should be aware of the publication timeline and consider their readiness for reporting obligations.

While all proposed measures are currently voluntary, a move to mandatory reporting is being kept under review.

Draft order for the seventh UK carbon budget laid in Parliament

On 2 June, the draft Carbon Budget Order was laid in Parliament, setting the seventh UK carbon budget.

The order sets a carbon budget, for the period between 2038 and 2042, of 535 million tonnes of carbon dioxide equivalent. This level represents an 87% reduction in greenhouse gas emissions from 1990 levels. The budget will also include emissions from international aviation and shipping.

Government publishes Biodiversity Net Gain statements for Nationally Significant Infrastructure Projects

Defra has published a collection of Biodiversity Net Gain (BNG) statements relating to Nationally Significant Infrastructure Projects (NSIPs) in the UK. The statements cover a range of specific NSIP development types, including airports, datacentres and others. They set out the obligations for developments in relation to how they calculate, deliver and report on BNG. They will have the same effect as National Policy Statements (NPS), until they can be included within the NPSs at next review.

Key items of note include:

- Retention of 10% BNG target for NSIPs.
- NSIPs must use the existing biodiversity metric.
- On-site or off-site will be given equal precedence.
- NSIP applications will require inclusion of a BNG plan.

Environment

Publication of review assessing the Streamlined Energy and Carbon Reporting framework

On 26 May 2026, a review of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 was published. The review found that:

- While the majority of in-scope entities comply with the Streamlined Energy and Carbon Reporting framework (SECR), compliance is not universal. Compliance gaps were most prevalent in private companies and LLPs.
- Reporting under SECR is uneven across organisations. Those with a complex structure or multiple sites can have increased reporting burdens.
- 79% of businesses disclosed data they otherwise would not have published.
- Stakeholders called for better alignment with the International Sustainability Standards Board and Corporate Sustainability Reporting Directive to maintain SECR's relevance.
- SECR has contributed to reductions in electricity and gas-use among in-scope entities, meeting its objectives.

The review recommends that SECR is maintained but with certain amendments, which will be explored through a consultation in 2026, including:

- Updating the Environmental Reporting Guidelines to provide clearer definitions and more practical examples.
- Introducing a standardised disclosure template.
- Aligning SECR with international standards and frameworks.
- Introducing digital filing.

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

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

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

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

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

Environmental, social and governance

Environmental, social and governance

UK

Government confirms plans to introduce mandatory deforestation due diligence for GB supply chains

The government has confirmed that it will introduce mandatory deforestation due diligence requirements for businesses in Great Britain, using powers under Schedule 17 of the Environment Act 2021 alongside legislation to strengthen the existing UK Timber Regulation. A consultation will be published later this year, covering businesses that trade in commodities sourced from rainforests, including soy, palm oil, cocoa and rubber.

The government has proposed that the GB regime will cover the same core commodities and underlying information requirements as the EU Regulation on Deforestation-Free Products (EUDR), which will apply in Northern Ireland from 30 December 2026. This aligned approach is intended to reduce administrative duplication across the UK and help businesses exporting to the EU meet consistent traceability standards. The government has also indicated a longer-term ambition to transition to a fully deforestation-free standard, beyond the initial focus on illegally deforested land.

This announcement represents a significant step forward after a prolonged period of inaction on GB deforestation rules. The extent of alignment between the GB regime and the EUDR remains to be determined through the forthcoming consultation.

Private Members' Bill proposes mandatory human rights and environmental due diligence

A Private Members' Bill introduced in the House of Lords on 17 June 2026 would impose a statutory duty on commercial organisations and public authorities to prevent human rights and environmental harms across their own operations, subsidiaries and value chains. Companies with a worldwide annual turnover of £36 million or more would be required to conduct due diligence and publicly report on it annually.

The bill includes civil liability for failure to prevent harms anywhere in the value chain, financial penalties of up to 10% of global turnover, exclusion from public procurement for up to five years, and a criminal offence for directors of repeat offenders. Modelled on the structure of the Bribery Act 2010, it also creates a "failure to prevent" corporate criminal offence where a person associated with a commercial organisation commits an act to obtain or retain business, and that act constitutes a specified offence including slavery, servitude, forced or compulsory labour or human trafficking under the Modern Slavery Act 2015.

The bill is at first reading stage and its prospects of becoming law in this session are uncertain. However, it signals growing political pressure for a UK mandatory due diligence regime and businesses should monitor its progress alongside the EU Corporate Sustainability Due Diligence Directive (below).

Science-Based Targets initiative launches final version of its updated Corporate Net Zero Standard

Concluding a nearly two-year process, on 11 June 2026, the Science-Based Targets initiative (SBTi) published the final version of its Corporate Net-Zero Standard V2.0 (V2), which it is calling its most comprehensive framework for corporate climate action to date.

Companies with existing validated targets do not need to set new ones. Those targets remain fully valid throughout their target cycle, subject to the five-year review provisions. However, the companies can benefit from some of the innovations of V2 including a "best efforts" approach to implementation and a hierarchy of mechanisms, from direct emissions reductions to offsets. V2 also includes accommodations for small and medium-sized enterprises, and allows companies to set targets for different contexts including supply chains, sectors and geographies.

The V2 can be used for target validation from 1 February 2027, though the standard, transition guidance for companies which already have validated targets, and key resources needed to set targets are available now. Additional guidance to support implementation and progress assessment will be released through 2026 and beyond.

Business leaders urged to put nature on the boardroom agenda

The Department for Environment Food and Rural Affairs (Defra) has launched a suite of new board-level resources designed to help business leaders treat nature as a strategic priority, framing investment in natural capital as a means of cutting costs, reducing risk and unlocking new growth opportunities. The resources were developed in partnership with

the Council for Sustainable Business, the Green Finance Institute, the Aldersgate Group and the Institute for Sustainability and Environmental Professionals.

The materials include a boardroom briefing tailored for chairs and non-executive directors and a collection of cross-economy business case studies. These highlight that the UK's natural capital asset value is estimated at approximately £1.6 trillion, with annual ecosystem service flows valued at £41 billion. Real-world examples include Severn Trent Water's restoration of peatlands in the Peak District, which has avoided £18 million in sediment removal costs and postponed a major infrastructure upgrade by over a decade, and Canary Wharf's conversion of an unused dock into a nature-rich public space, which achieved a 55% biodiversity net gain alongside the group's strongest leasing performance in over a decade.

For boards yet to integrate nature-related risks and opportunities into their decision-making, the resources provide practical and financial grounding for doing so.

HMRC consults on mandatory certification for recycled plastic packaging

See sustainable products section.

EU

European Commission consults on CSDDD implementation guidelines

The European Commission has launched a public consultation, open until 24 July 2026, on the development of guidelines to support implementation of the Corporate Sustainability Due Diligence Directive (CSDDD). The amended CSDDD, following the Omnibus I simplification package, will apply from 26 July 2029 to large EU companies with more than 5,000 employees and net annual turnover exceeding €1.5 billion, with the same turnover threshold for non-EU companies.

The guidelines will provide practical guidance to companies on fulfilling their due diligence obligations, to Member State authorities on implementation and enforcement, and to stakeholders on pursuing their rights. They will also be relevant to companies and other stakeholders in non-EU countries linked to the supply chains of in-scope companies. The first tranche of guidelines is due by 26 July 2027 and the second by 26 July 2028.

In-scope companies, and smaller businesses in their value chains, should consider responding to the consultation before 24 July 2026 to ensure their views are considered in the guidance.

EU legislators agree provisional framework for small mid-cap companies

European Parliament and Council negotiators have reached a provisional agreement introducing a new category of small mid-cap (SMC) enterprise as part of the Commission's fourth Omnibus simplification package. The new category is intended to avoid cliff-edge situations where a company's regulatory obligations increase sharply upon growing beyond the SME threshold.

Small mid-cap companies are defined as companies with fewer than 1,000 employees and either up to €200 million in turnover or up to €172 million in total assets. SMC exemptions would be extended across a range of legislative frameworks, including GDPR record-keeping obligations where processing is not likely to be high-risk, the Prospectus Regulation, the Batteries Regulation, the F-gases Regulation, MiFID and the Resilience of Critical Entities Directive. Within five years of entry into force, the Commission will produce a report on the SMC threshold and its impact on administrative burden, with the possibility to review it. The provisional agreement must be formally adopted by Parliament and Council before entering into force.

Companies that currently sit just above the SME threshold should assess whether they would qualify as an SMC and consider what exemptions may become available to them.

European Group on Ethics calls for recognition of a legal right to a healthy environment

The European Group on Ethics in Science and New Technologies has adopted an opinion on how nature is valued across human, institutional and legal systems in the EU and how those values can be better reflected in governance. The opinion, published by the Ethics Advice Mechanism which provides independent ethical advice to the European

Environmental, social and governance

Commission and other EU institutions, argues that ecological sustainability is not a secondary policy objective but is necessary for Europe's resilience, prosperity, security and democratic legitimacy.

Key recommendations include:

- recognition of a legal right to a clean, healthy and sustainable environment within the EU;
- consistent integration of ecological, social, ethical, cultural and economic values into EU policymaking;
- treating scientifically identified ecological boundaries as constraints in impact assessment and policy decision-making;
- strengthening institutional mechanisms to ensure ecological concerns are adequately reflected in governance and legal decision-making;
- using economic valuation of nature responsibly and within clear ethical and ecological conditions; and
- ensuring coherence between the EU's internal commitments on nature and its external action.

While the opinion is advisory rather than binding, businesses operating in highly regulated sectors should monitor whether its recommendations feed into future Commission legislative proposals.

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

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

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

Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Payments

FCA welcomes launch of UK Payments Initiative scheme for open banking payments

On 2 June 2026, the FCA welcomed the launch of a new UK Payments Initiative (UKPI) scheme for recurring and automated open banking payments.

UKPI is an industry-led company established to develop and operate a commercial scheme for variable recurring payments (VRPs) in the UK. The scheme establishes a shared rulebook, commercial model and operational standards for automated recurring account-to-account payments. The "phase 1" use cases include utility payments, financial services payments, and payments to local and central government.

The FCA considers the launch a major step forward for open banking and commercial VRPs, and expects it to act as a catalyst for other, competing commercial open banking schemes to emerge.

Digital assets

Financial Services Regulation Committee report on stablecoins

On 3 June 2026, the House of Lords Financial Services Regulation Committee published a report on the regulation of stablecoins, following an inquiry launched in January.

The Committee's report includes findings that:

- The UK is lagging behind the U.S. and the EU in developing its regulatory regime.
- The regulators must keep to current timelines and ensure that the final regulatory regime is not delayed.
- There are several elements of the UK's proposed regime – including requirements for systemic issuers to hold unremunerated backing assets, proposed stablecoin holding limits, and restrictions on commercial banks issuing stablecoins – which would diverge from international equivalents.
- Authorities should consider whether existing legal frameworks are sufficient to detect and deter illicit activity using private unhosted and unregulated wallets, and should be prepared to legislate to restrict their use if necessary.
- HM Treasury should set out more detail on how it will determine whether stablecoins are systemic.

FCA responds to questions on interaction between money-laundering rules and future cryptoassets regulatory framework

On 3 June 2026, the FCA published responses to questions from firms on how the Money Laundering Regulations 2017 interact with the forthcoming cryptoassets regulatory regime.

Areas covered include:

- The regulatory perimeter and the transition period ahead of the new regulatory regime commencing in October 2027.
- Authorisation expectations and application quality.
- Anti-money laundering governance, leadership and resourcing arrangements.
- Anti-money laundering framework design and documentation.
- Crypto-specific risk assessment and typologies.
- Transaction monitoring, Blockchain analytics and surveillance tools.
- Compliance with the Travel Rule.

HM Treasury responds to industry concerns on implementing cryptoasset regulatory regime

Fintech, digital assets, payments and consumer credit

On 5 May 2026, HM Treasury published a letter responding to questions from the Crypto & Digital Assets All Party Parliamentary Group (APPG) about implementing the new cryptoasset regulatory regime.

The APPG raised industry concerns about implementing all elements of the new framework simultaneously, and asked about potential transitional arrangements or phased implementation.

HM Treasury considers that the planned timetable gives cryptoasset businesses time to prepare before the regime goes live on 25 October 2027, and refers to FCA provisions to support high-quality applications, including free pre-application meetings and prioritised resources.

HM Treasury confirms that the FCA has been increasing resources to ensure it has the expertise needed to deliver its cryptoasset roadmap.

FCA review of financial promotion approvers

On 27 May 2026, the FCA published findings from its review of ten financial promotion approvers, concluding that firms should be doing more to protect consumers. The review focused on approvers of promotions for buy-now-pay-later, crowdfunding and corporate finance firms.

Approvers are authorised firms permitted to approve financial promotions for unauthorised firms under rules in force since February 2024, and must ensure every promotion is clear, fair and not misleading.

The strongest firms applied the Consumer Duty throughout and ensured promotions were accurate and appropriately targeted. However, some firms approved adverts with unsubstantiated claims or allowed retail investors to see promotions intended for professional clients. Following the review, one firm has carried out a remediation exercise and some websites have been blocked to retail customers.

Consumer finance

HMT policy statement on reforming Consumer Credit Act 1974

On 18 May 2026, HM Treasury published a policy statement on its proposed reforms to the Consumer Credit Act. Please see Osborne Clarke's Insight for more information.

Nikki Worden, Partner
T: +44 20 7 105 7290
nikki.worden@osborneclarke.com

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

Paul Harris, Partner
T: +44 207 105 7441
paul.harris@osborneclarke.com

Seirian Thomas, Senior Knowledge Lawyer
T: +44 20 7105 7337
seirian.thomas@osborneclarke.com

Food law

Food law

UK

High Court finds England's precision breeding food and feed regime unlawful

On 4 June 2026, the High Court handed down judgment in *R (Beyond GM and others) v Secretary of State for Environment, Food and Rural Affairs*, holding England's precision breeding food and feed regime unlawful on the ground of irrationality.

The Genetic Technology (Precision Breeding) Regulations 2025 established the food and feed authorisation framework but imposed no mandatory labelling requirements on precision bred organism food or feed. The irrationality challenge turned on whether the minister correctly understood his legal powers when making that choice. Ministerial briefing materials consistently told the minister that the Genetic Technology (Precision Breeding) Act 2023 contained no power to impose labelling requirements for food or feed, which the secretary of state conceded was wrong in law. The court concluded the error had not been corrected before the decision was taken and that it inevitably constrained both the range of policy options considered and the enquiries directed. The court found it was not satisfied the outcome would have been substantially the same had the minister understood the full extent of his powers.

Remedy has not yet been determined, with the parties to make further submissions before the court decides whether to quash the 2025 regulations outright or grant some other form of relief. The picture is further complicated by the proposed UK-EU SPS Agreement (see below), with the judgment noting that the prospects of any such agreement may depend on whether the EU adopts the Commission's proposal for a lighter-touch regime for new genomic techniques, a question that remains live following the EU Council's formal adoption of the NGT Regulation (see below).

SPS agreement: UK-EU summit postponed following PM's resignation

The government had confirmed that negotiations on the UK-EU Sanitary and Phytosanitary (SPS) Agreement were set to conclude this summer, with food and drink, Emissions Trading Scheme and youth experience deals identified as priorities for the next UK-EU summit, which had been scheduled for 22 July. That summit has now been postponed following Keir Starmer's resignation as prime minister. European Council President António Costa confirmed the postponement and expressed hope that Starmer's successor would maintain the reset agenda. Whether the change in leadership affects the mid-2027 implementation timetable remains to be seen.

Defra has now published sector-specific guidance on the regulatory changes expected under the agreement. The guidance confirms that the UK will align dynamically with EU rules across a wide range of areas, including animal health, plant health, food and feed safety, nutrition, labelling, pesticides and maximum residue levels for both pesticides and veterinary medicines. It makes clear that this alignment will apply to all businesses in the agri-food sector, not only those that export to the EU, and urges the sector to begin preparing now. Defra has also published an interim summary of the 489 responses received to the March call for information. While awareness was high, many respondents are seeking more detailed guidance, with full findings and practical tools expected in summer 2026.

In parallel, Defra has established a new SPS Readiness Business Advisory Council, comprising representatives from across the agri-food supply chain including producers, manufacturers, retailers, logistics providers and trade bodies, which has now met for the first time. The government continues to target implementation from mid-2027, with an estimated 500,000 businesses expected to be affected.

Government confirms first agri-food tariff suspensions and consults on further package

As reported in our May edition, the government announced a first package of agri-food tariff suspensions and a business engagement exercise on a broader second package. The first package, including fruits, fruit juices, pasta, couscous and tuna, came into force on 21 June 2026 and will remain in place until 31 December 2028, with an expected consumer benefit of between £100 million and £400 million a year.

The government has now also consulted on a second, broader package. An indicative list of 125 products was published, including garlic, avocados, mangoes, olive oil, chocolate and biscuits, with an expected consumer benefit of more than £150 million a year if implemented. The government also sought views on a one-year temporary suspension of tariffs on certain fertilisers and on kerosene. The call for input, which closed on 24 June 2026, also invited suggestions for alternative or additional products including goods used by UK food and drink manufacturers. Final decisions will weigh

consumer benefits against implications for domestic producers, food security, developing country impacts and international commitments.

The publication of the response to the consultation and of the full product list will be worth monitoring closely for those across the food sector.

FSA to develop mandatory healthy food sales reporting and targets for major food companies

The Food Standards Agency (FSA) has confirmed it has received funding from the Department of Health and Social Care (DHSC) to develop a system of mandatory healthy food sales reporting and targets for major food companies, with a full public consultation expected within weeks. The FSA chair confirmed at the FSA board meeting on 17 June 2026 that the agency is working with DHSC officials to ensure that any policy brought forward is deliverable, proportionate and enforceable, and that the FSA's formal role will be confirmed following the consultation.

The proposals, which sit under the NHS 10-year plan, have attracted criticism from industry bodies including the British Retail Consortium, which has argued that the FSA lacks the capacity to develop and fairly police a mandatory reporting system across the food sector, particularly given the demands of the ongoing SPS realignment process. The FSA has acknowledged that mandatory reporting and a potential new role overseeing healthy food standards in schools, following the government's April 2026 announcement of a major overhaul of school food, would represent significant new functions requiring additional resources. Food businesses should monitor the forthcoming DHSC consultation closely, as it will set out the scope of the proposed regime and the FSA's role in enforcement.

EU

European Parliament formally adopts new genomic techniques regulation

The European Parliament has formally adopted a new regulation establishing a two-tier framework for the use of new genomic techniques in plants, completing the legislative process. The regulation was published in the Official Journal on 26 June and will apply from 17 July 2028.

NGT-1 plants, involving a limited number of changes that could have occurred through conventional breeding, will be treated like conventional plants, though seed bags and reproductive material must be labelled as NGT-1. Plants engineered for herbicide tolerance or to produce insecticidal substances are excluded from NGT-1 status. NGT-2 plants, involving more extensive genetic modifications, remain subject to the existing strict GMO rules and must obtain authorisation before commercialisation. No NGTs will be permitted in organic production, though the technically unavoidable presence of NGT-1 plants will not constitute non-compliance. Patents on NGTs will be permitted, subject to safeguards to protect farmer access and the right to save and replant seeds.

For businesses with NGT products in development, the two-year transition period should be used to assess product classification, plan for labelling and authorisation requirements, and monitor the delegated acts and European Food Safety Authority guidance that will follow.

EU Council agrees position on food and feed safety simplification package

As reported in our January edition, the European Commission proposed a package to streamline EU food and feed safety legislation across plant protection products, biocidal products, feed, official controls and animal health and welfare. The Council has now agreed its negotiating position on part of that package and will proceed to trialogue negotiations with the European Parliament.

Key food-related changes in the Council's position include: a new derogation permitting the use of drones for targeted pesticide application, subject to EFSA risk assessment guidance, with a 30-month window for a delegated act identifying approved drone types and transitional measures allowing Member States to permit drone use in the interim; the repeal of two outdated food contact plastics directives from 1982 and 1985, which have been superseded by the 2011 EU plastics regulation; and the removal of duplicate record-keeping obligations on farmers for medicinal treatments and animal mortalities, which are already captured under the Veterinary Medicinal Products Regulation and Animal Health Law. The Council will continue work towards a full mandate for negotiations on the remaining proposals in the package.

Food law

European Parliament formally adopts reserved meat terms and measures to strengthen farmers' position

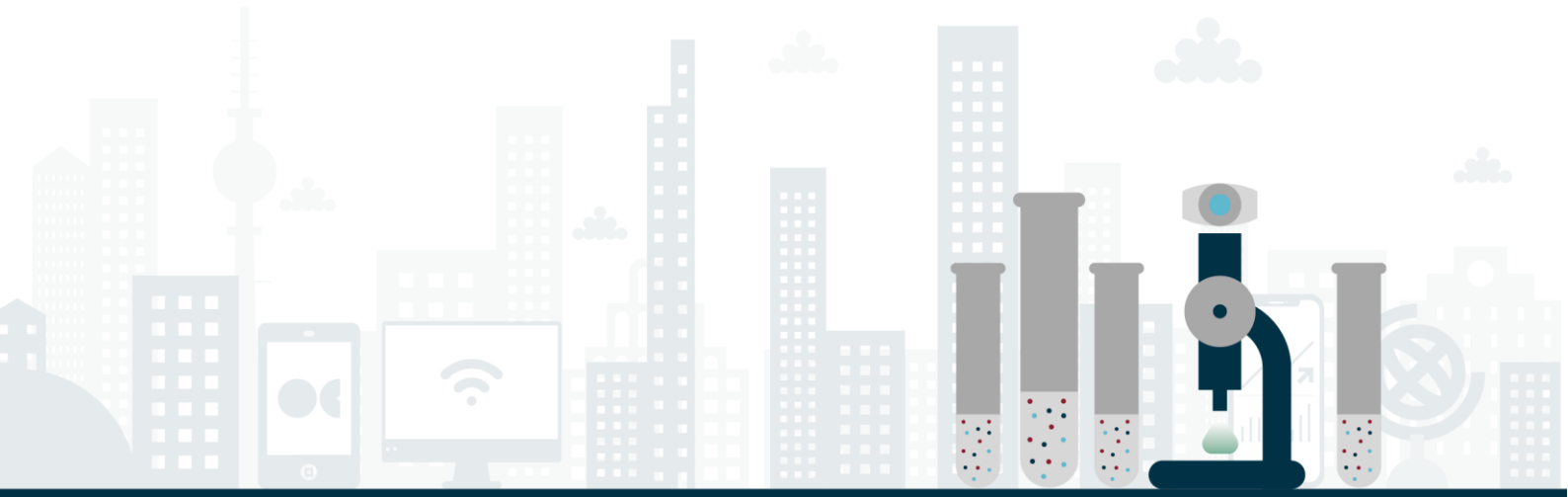
Following the provisional agreement covered in our March edition, the European Parliament has formally adopted the regulation amending the Common Agricultural Policy framework to strengthen the position of farmers in the food supply chain. It introduces a definition of meat as "edible parts of animals" and reserves a list of terms, including steak, sirloin, bacon and ribeye, for meat products only, explicitly preventing their use for lab-grown or cell-based products.

The regulation also requires Member States to establish and publish online benchmarks for use in contractual arrangements to ensure food prices better reflect actual production costs, strengthens the role of producer organisations in collective bargaining, and introduces mandatory written contracts for dairy producers. It must now be approved by the Council before it can enter into force.

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

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

Charlie Hennig, Associate
T: +44 20 7105 7524
Charlie.hennig@osborneclarke.com



Health and Safety

Health and Safety

SIA updates on Martyn's Law preparations ahead of spring 2027 commencement

The Security Industry Authority has published updated guidance on its regulatory role under the Terrorism (Protection of Premises) Act (Martyn's Law), which is expected to come into force in spring 2027. The Act establishes a two-tier regime based on expected capacity, with all requirements subject to the concept of reasonable practicability.

The SIA is recruiting regional inspection teams across England, Scotland, Wales and Northern Ireland, has completed its first pilot inspections and is building a digital notification portal expected to be ready for testing from early 2027. The SIA's consultation on its draft Section 12 statutory guidance, which sets out how it will exercise its investigatory and enforcement powers, closed on 12 June 2026.

Premises and events cannot formally notify the SIA until the law comes into force, but organisations are encouraged to begin identifying whether they are in scope and to familiarise themselves with the Home Office's statutory guidance in the meantime.

ASA confirms continued focus on protecting children from online advertising harms

The Advertising Standards Authority has published a blog post setting out how it intends to maintain its focus on protecting children from advertising-related harms online as the government develops its proposals to restrict social media services for under-16s. The ASA will continue to work with platforms, advertisers and influencers to ensure advertising is clearly identified and that children can recognise when content is promotional. It will also maintain its focus on reducing children's exposure to age-restricted advertising, including for alcohol, gambling and high fat, salt and sugar products, through technology-led research and collaboration with platforms.

The ASA also addressed the growing use of AI-generated content in advertising, confirming that while there is no blanket requirement to disclose AI use, disclosure may be required where an omission could mislead consumers. As children's online behaviours evolve in response to the government's proposed restrictions, the ASA has confirmed it will remain alert to where children are spending time online and will apply and enforce the Advertising Codes accordingly.

Advertisers, particularly those in sectors subject to age-restriction rules, should ensure they are familiar with the ASA's existing guidance on AI-generated content and monitor developments as the government's proposals take shape.

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

HSE to develop first joint industry guidance on collaborative robotics in the workplace

The Health and Safety Executive (HSE) has announced a project, launched at London Tech Week on 10 June 2026, to develop the first ever joint HSE and industry guidance on the safe use of collaborative robots (cobots) working alongside humans. HSE will partner with Automate UK and the Manufacturing Technology Centre, with support from the Regulatory Innovation Office, to deliver regulatory clarity for businesses deploying cobot technology.

The first stage, launching this summer, will focus on how cobots can safely work alongside humans, combining industry good practice with HSE regulatory expertise. HSE has acknowledged that a widespread fear of non-compliance is currently limiting adoption of cobot technology, despite there being no barrier to its use in existing health and safety law. The guidance is intended to address that uncertainty and give businesses greater confidence to innovate safely.

Those operating in, or considering entering, the collaborative robotics space should monitor the development of the guidance as it progresses and engage with the consultation process where possible.

HSE confirms asbestos control limit will remain unchanged following review

The HSE has concluded its review of Great Britain's asbestos control limit, confirming that it will remain at 0.1 fibres per millilitre measured as a four-hour time-weighted average. The review was undertaken in response to the EU's decision to reduce its own occupational exposure limit for asbestos and the 2022 Work and Pensions Committee report on HSE's approach to asbestos management.

It concluded that there is no clear evidence that lowering the control limit would reduce current or future exposures or improve health outcomes. The review noted that most asbestos work is already designed to minimise exposure to well below the existing limit through effective control measures, and that accurate measurement at lower exposure levels presents practical difficulties. The HSE also highlighted that lowering the limit would bring most asbestos-related work into the scope of licensable activity, imposing significant costs on businesses without a corresponding reduction in exposure risk. The review found that training, competence, site discipline and regulatory enforcement have greater influence on reducing exposure risks than changing numerical limits.

The HSE will continue to monitor emerging evidence and international developments, including the EU's planned review in 2029. Dutyholders should note that the existing regulatory framework, which requires exposures to be reduced as low as reasonably practicable, remains in force and that compliance with effective control measures in practice continues to be HSE's focus.

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

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

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

Zoe Hunt, Associate
T: +44 117 917 3918
zoe.hunt@osborneclarke.com

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

Modern slavery

Modern slavery

CPS publishes Serious and Economic Organised Crime Strategy 2030

The Crown Prosecution Service has published its Serious and Economic Organised Crime Strategy 2030, replacing the previous Economic Crime 2025 Strategy with a broader approach that explicitly includes modern slavery, criminal exploitation and human trafficking within its scope. The strategy reflects the growing convergence between fraud, organised crime, cyber offending and hostile state activity, and specifically highlights the increasing prevalence of so-called "scam factories", large-scale criminal operations where individuals may be trafficked, coerced or otherwise exploited into committing criminal acts, blurring traditional distinctions between victims and offenders.

Under the strategy, the CPS has committed to delivering updated modern slavery training to reflect emerging issues, sharing best practice and encouraging closer engagement with policing at the outset of cases. More broadly, the strategy places significant emphasis on early prosecutorial engagement with law enforcement and embeds asset recovery as a routine element of case strategy from the outset of SEOC cases.

The combination of updated prosecutor training, closer early engagement with policing and a forthcoming review of prosecution guidance points to more effective investigation and prosecution of modern slavery cases. Businesses should expect this sharper prosecutorial focus to extend to supply chain criminality in the UK. As we previously reported, the Court of Appeal's decision in R (on the application of World Uyghur Congress) v National Crime Agency confirmed that businesses can face criminal liability, including money laundering offences under the Proceeds of Crime Act 2002, where forced labour or other criminality exists in their supply chains, even where the goods in question are obtained for adequate consideration. With the CPS now explicitly embedding modern slavery and criminal exploitation within its serious and organised crime framework, businesses should ensure they have strong supply chain due diligence measures in place to manage the increased risk of criminal liability exposure.

Private Members' Bill proposes mandatory human rights and environmental due diligence

See ESG section.

European Commission consults on CSDDD implementation guidelines

See ESG section.

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

Charlie Hennig, Associate
T: +44 207 105 7524
charlie.hennig@osborneclarke.com

Products

Products

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

General/digital products

DSIT publishes Digital Standards Strategy

The Department for Science, Innovation and Technology (DSIT) has published its Digital Standards Strategy, setting out how the UK will seek to influence the development of international digital technical standards. The strategy covers AI, cybersecurity, advanced connectivity technologies, quantum technologies, semiconductors and the internet. It aims to support economic growth, protect national security and ensure that international standards reflect UK values and interests, and aligns with the UK Industrial Strategy, Trade Strategy and National Security Strategy.

The strategy acknowledges that the digital standards landscape is increasingly complex, with outcomes shaped by industry trends, national ambitions and geopolitical dynamics, and commits the UK to active engagement with industry, the tech community and international partners. It notes that digital standards can complement regulation and reduce red tape by providing a more flexible alternative to regulation, establishing internationally agreed best practice that can adapt more quickly to technological change. Developers, manufacturers and operators in the priority technology areas should monitor emerging standards developments and engage with DSIT's consultation mechanisms as the strategy is implemented.

Government consults on statement of safety principles for automated vehicles

The Automated Vehicles Act 2024 establishes the legal foundation for the safe deployment of self-driving vehicles on public roads in Great Britain, introducing a whole-life safety framework covering type approval, authorisation and ongoing in-use regulation. At the heart of that framework is the statement of safety principles (SoSP), which sets out the safety standard to which automated vehicles must comply and to which the secretary of state must have particular regard when considering whether a vehicle can travel safely and autonomously at the authorisation stage. The Department for Transport has now published a consultation on the draft SoSP.

The draft proposes a safety standard equivalent to that of careful and competent human drivers, which aligns with the UNECE automated driving systems regulation currently in development internationally and expected to come into force in early 2027. The government has noted that setting a higher standard would risk placing requirements on developers beyond those specified internationally, potentially delaying deployment of automated vehicles on GB roads.

The draft SoSP sets out 10 safety principles covering areas including compliance with traffic laws and the Highway Code, vehicle control, hazard detection and response, adaptability to road and weather conditions, predictable behaviour, road safety for all, interaction with vulnerable road users and emergency services, operating within authorised limits, and accounting for the specificities of the territory of operation. Developers and manufacturers of automated vehicles should review the draft principles and consider responding to the consultation, as the SoSP will directly govern the authorisation process.

EU

EU legislators agree deal on digitalising product compliance across the single market

European Parliament and Council negotiators have reached a provisional agreement on measures to digitalise product compliance requirements across the EU single market, forming part of the fourth Omnibus simplification package.

The agreement amends 20 pieces of EU product legislation and introduces a "digital by default" principle, covering the digitalisation of declarations of conformity, mandatory electronic exchanges between economic operators and competent authorities, and the introduction of a direct digital contact point enabling consumers and competent authorities to reach operators directly. Product instructions may be provided in digital format, though safety information must remain available on paper or marked on the product. Consumers will be able to request paper documentation for up to two years following purchase.

The agreement also introduces "common specifications" as a legally recognised fallback mechanism that the Commission may adopt on a temporary basis, lasting 48 months from entry into force, where harmonised standards are unavailable or insufficient. The measures will apply 30 months after formal entry into force, following adoption by both institutions.

Manufacturers and other economic operators placing products on the EU market should begin assessing what changes to their compliance documentation processes and communication infrastructure will be required ahead of that deadline.

DBT surveys battery sector on upcoming EU Battery Passport requirements

The Department for Business and Trade (DBT) is seeking views from the battery sector on the EU Battery Passport requirements that will apply from February 2027 to all batteries placed on the EU market, including those subject to preparation for re-use, repurposing or remanufacturing. The requirements will necessitate the collection, management and reporting of information across the battery lifecycle, covering carbon footprint, materials, performance and supply chain due diligence. The survey closes on 10 July 2026.

The exercise is aimed at manufacturers of batteries and battery-containing products exported to the EU and their supply chains, from raw materials and components through to cells, modules, packs, reuse, recycling and lifecycle assessment, across sectors including automotive, energy storage, defence and maritime. The DBT has confirmed that the exercise is information-gathering only and does not represent a consultation or a statement of future UK government policy. Manufacturers and exporters in scope should consider responding before the deadline.

European Commission calls for evidence on revised EU tobacco rules

The European Commission has published a call for evidence for an impact assessment in connection with a proposed revision of the Tobacco Products Directive and Tobacco Advertising Directive. The call for evidence seeks views on how the existing framework should be updated to address recent market developments, consumption trends and digital marketing practices, with a legislative initiative currently indicated for December 2026.

The Commission is developing policy options around extending the scope of the legislation to cover novel products not currently addressed by the directives. These include nicotine pouches, heated herbal products and electronic non-nicotine delivery systems, introducing rules on flavours in e-cigarettes, disposable e-cigarettes and tobacco heating devices, strengthening rules on labelling and packaging including plain packaging, strengthening digital marketing and advertising rules, and simplifying certain existing provisions. Manufacturers and distributors of tobacco and related products with EU market exposure should monitor the initiative as it develops ahead of the December 2026 legislative timetable.

European Commission launches Technological Sovereignty Package covering chips, cloud and AI

See AI section.

Products

Life sciences and healthcare

UK

MHRA consults on new regulatory framework for rare disease therapies

The Medicines and Healthcare products Regulatory Agency (MHRA) has launched a consultation on a proposed rare disease therapies framework, designed to address the scientific, evidentiary and commercial barriers that prevent rare disease therapies from reaching patients under conventional development models.

The framework would introduce an Investigational Marketing Authorisation, a single flexible authorisation that would allow controlled early access to a therapy while further clinical and real-world evidence continues to be generated, with a clear pathway to transition to a full Marketing Authorisation where appropriate. The framework is technology-agnostic and places significant emphasis on patient engagement, including ongoing informed consent throughout the development process.

The consultation is open to manufacturers, developers, clinicians, researchers, patient organisations, carers and other stakeholders and closes on 30 July.

High Court grants first website blocking order targeting counterfeit prescription medicines

In *Novo Nordisk A/S v British Telecommunications Plc [2026] EWHC 1094 (Ch)*, the Chancery Division has granted the first website blocking injunction targeting the supply of counterfeit and unlicensed prescription-only medicinal products. The application was brought against internet service providers at the request of the MHRA, which had been unable to take down four websites selling counterfeit and unlicensed semaglutide and liraglutide products, including counterfeit and unlicenced versions of Ozempic and Wegovy.

The key issue was whether the court had jurisdiction to grant a website blocking order on the basis of criminal wrongdoing under the Human Medicines Regulations 2012, rather than solely for the enforcement of intellectual property rights. Mellor J held that it did, confirming that the equitable jurisdiction to order a facilitator to take steps to prevent wrongdoing by a third party with which it is unwittingly mixed up is not limited to civil wrongs, and that there is no relevant distinction in equity between being mixed up in a civil or a criminal wrong. The target websites' conduct encompassed trade mark infringement, passing off and multiple criminal offences under the regulations.

The decision is significant in extending the reach of website blocking orders beyond the intellectual property context, and may have broader implications for enforcement against online platforms facilitating other categories of criminal wrongdoing.

Health bill committee calls for written evidence ahead of line-by-line scrutiny

The House of Commons Public Bill Committee has issued a call for written evidence on the Health Bill, with a reporting deadline of 16 July 2026. The bill's principal purpose is to abolish NHS England and transfer its functions to Integrated Care Boards and the Department of Health and Social Care, with a number of functions transferred directly to the secretary of state. Other key provisions include enabling a single patient record, implementing patient safety reforms recommended by the Dash review, abolishing Healthwatch, removing the requirement for NHS foundation trusts to have a council of governors, and conferring new powers on the secretary of state in relation to waiting times and patient choice.

Those with relevant expertise or a direct interest in the bill's provisions, including healthcare providers, patient organisations and those operating within the NHS supply chain, should consider responding.

MHRA advances regulatory framework for AI in healthcare

The MHRA's work to develop a regulatory framework for AI in healthcare is progressing across three related areas. The National Commission into the Regulation of AI in Healthcare has published a summary of findings from its call for evidence. Of 761 responses, the vast majority called for significant regulatory reform, with a proportionate, risk-based, lifecycle approach better suited to adaptive AI systems than the current medical devices framework. Key themes included continuous post-market surveillance, shared liability across manufacturers, providers and clinicians, and patient concerns

about the use of NHS data by commercial entities. The commission's final recommendations to the MHRA and wider government are expected in the summer.

Those findings are consistent with the practical insights emerging from Phase 2 of the MHRA's AI Airlock regulatory sandbox, which ran from April 2025 to March 2026. Working with seven candidates across three challenge areas, the airlock found that human oversight cannot be treated as a fixed safety control as user scrutiny of AI outputs tends to diminish over time; that LLM-based products without active guardrails can exhibit functions beyond their intended purpose; and that performance thresholds must be grounded in clinical rather than merely statistical significance.

Phase 3 of the AI Airlock, funded by DHSC for three years from April 2026, will focus on delivering outputs mapped to specific MHRA actions and policy priorities shaped by the Commission's recommendations.

Alongside this, the MHRA has announced a new regulatory sandbox to test how AI can improve medicines safety assessment and development. Supported by the government's Regulatory Innovation Office, it will give companies and researchers a controlled environment to explore AI tools capable of predicting how medicines behave in the body, detecting adverse effects and improving understanding of how medicines work across underrepresented groups such as children, older people and people from diverse backgrounds. The initiative also forms part of a wider effort to drive alternatives to animal testing and support the government's AI for Science Mission, with the MHRA working with industry and academic partners from summer 2026 to shape how the sandbox operates.

EU

Commission publishes updated guidance on Joint Clinical Assessments

The European Commission and the Member State Coordination Group on Health Technology Assessment have published new and updated guidance on the EU Health Technology Assessment Regulation, clarifying publication, transparency and evidence requirements for Joint Clinical Assessment dossiers. The package includes a new FAQ on publication of JCA reports, updated methodological Q&A guidance on dossier preparation and evidence generation, and new guiding principles on handling commercially confidential information in JCA and joint scientific consultation procedures.

EUDAMED registration now mandatory for medical device market access in the EU

From 28 May 2026, the use of four modules of the European Database on Medical Devices is mandatory under the Medical Devices Regulation and the In Vitro Diagnostic Medical Devices Regulation. Any manufacturer or other party seeking to place a medical device on the EU market must be registered in EUDAMED and ensure that their registration and device information is complete and up to date. EUDAMED brings together information on economic operators, devices, certificates, clinical investigations, vigilance and market surveillance in a single digital platform, and is designed to enhance transparency, traceability and patient safety across the EU.

Manufacturers and other economic operators that have not yet completed their EUDAMED registration, or whose information is not up to date, risk losing access to the EU market.

EMA, Commission and HMA publish revised ACT EU workplan for 2026 to 2027

The EMA, European Commission and Heads of Medicines Agencies have adopted the fourth ACT EU workplan, covering 2026 and 2027. The workplan reflects feedback from the ACT EU multi-stakeholder advisory group and takes account of the proposed Biotech Act, which would amend the Clinical Trials Regulation, and the Clinical Research Investment Plan. Continuing priority areas include implementation of the Clinical Trials Regulation, maximising the impact of clinical trials through consolidated scientific and regulatory advice, and enabling multinational clinical trials during public health emergencies.

The revised workplan introduces new focus areas aligned with updated ACT EU objectives, including strengthening meaningful patient involvement throughout the clinical trial lifecycle, using clinical trial data to improve access and promote more inclusive trials covering underrepresented populations such as children and women, and supporting the timely submission of clinical trial results. It also introduces a new objective to enable innovation through responsible integration of AI, digitalisation, regulatory sandboxes and data use across the clinical trials lifecycle.

Products

European Commission consults on AI in healthcare and pharmaceuticals

Following the publication of its Apply AI Strategy in October 2025, the European Commission has launched a consultation seeking views on the deployment of AI in healthcare and pharmaceuticals. The consultation covers the benefits, barriers and enablers of AI adoption in the sector, the type of EU-level support needed, and the conditions for scaling AI solutions across health systems. It is open to healthcare providers, pharmaceutical companies, AI solution providers, medical societies, patient organisations and industry associations. The findings will inform future policy actions to support the effective and trustworthy uptake of AI in both sectors. The consultation closes on 26 June.

Products

Sustainable products

UK

HMRC consults on mandatory certification for recycled plastic packaging

HMRC has launched a consultation exploring the potential introduction of a mandatory certification requirement for UK manufacturers and importers of plastic packaging containing mechanically recycled plastic, and possible changes to the evidential requirements for claiming an exemption from Plastic Packaging Tax where packaging contains at least 30% recycled plastic.

The objectives of the proposal are to mitigate the risk of fraudulent or erroneous recycled content claims, standardise evidential requirements and strengthen compliance activity. Industry concerns have been raised about the validity of some recycled plastic claims, particularly for imported packaging, with UK recyclers and trade bodies calling for third-party certification to improve transparency and fairness.

If introduced, mandatory certification would operate via independent third-party schemes meeting minimum requirements to be set out in future legislation, with the government not proposing to prescribe a single scheme.

The consultation seeks views on the prevalence of fraud, the impacts on businesses across the plastics supply chain, how the requirement should operate in practice and potential implementation timings. It runs until 10 August 2026.

Government confirms plans to introduce mandatory deforestation due diligence for GB supply chains

Please see ESG.

EU

EU Packaging and Packaging Waste Regulation: first compliance deadlines in August 2026

The first wave of requirements under the EU Packaging and Packaging Waste Regulation take effect from 12 August 2026, applying to any business that places or distributes packaging on the EU market, regardless of material. From that date, manufacturers must carry out conformity assessments and draw up a Declaration of Conformity for each type of packaging placed on the EU market, food contact packaging containing PFAS (per- and polyfluoroalkyl substances) above specified thresholds will be banned, and producers placing packaging on the market in a Member State where they are not established must appoint an authorised representative in that Member State.

Further requirements follow over the coming years and into the next decade, including reusable container systems for the hospitality sector, harmonised labelling, recyclability standards and single-use plastic bans. With key implementing acts still to come, businesses cannot afford to wait for regulatory clarity before acting. See this Insight for a detailed breakdown of all obligations and deadlines.

ESPR ban on destruction of unsold clothing and footwear comes into effect next month

The ban on large companies destroying unsold apparel, clothing accessories and footwear under article 25 of the Ecodesign for Sustainable Products Regulation (ESPR) takes effect on 19 July 2026, with medium-sized enterprises required to comply from 19 July 2030. With less than a month to go, businesses in scope should be reviewing their inventory management and any existing destruction arrangements to ensure they are ready to comply.

The ban is subject to a limited set of confirmed exceptions, including where products are dangerous, unfit for purpose, in breach of intellectual property rights, or where a genuine effort to donate them has proved unsuccessful. Any business relying on an exception must retain supporting documentation for five years.

While the destruction ban currently applies only to clothing and footwear, the ESPR disclosure obligations are broader: they cover all unsold consumer goods placed on the EU market. Businesses should already be collecting the relevant data, since the first disclosure must cover goods discarded during the first full financial year after the ESPR entered into force on 18 July 2024.

Products

Major food and beverage companies lobby for delay to EU packaging regulation

A leaked letter signed by executives from major food and beverage companies has called on EU institutions to delay implementation of parts of the Packaging and Packaging Waste Regulation and reopen several core provisions ahead of the 12 August 2026 application date. The signatories cite unresolved legal and technical uncertainty around PFAS testing methods, reuse targets and single-use plastics restrictions, noting that no harmonised or legally binding EU-level methodology for PFAS testing currently exists to demonstrate conformity as required by the regulation.

The move has drawn strong opposition from over 160 environmental and consumer organisations, who have described it as an attempt to weaken agreed rules and warned that any delay would penalise those who have already invested in compliance. Businesses should continue to prepare for the August application date until any potential delay is announced.

EU's revised Waste Shipment Regulation enters into force alongside new digital tracking platform

The EU's revised Waste Shipment Regulation's (Regulation 2024/1157) main provisions entered into application on 21 May 2026, alongside the launch of the Digital Waste Shipment System (DIWASS).

All shipments of hazardous waste, mixed municipal waste, waste destined for disposal and contaminated waste are now subject to the prior informed consent procedure, which must be processed digitally through DIWASS. Operators moving green-listed non-hazardous waste destined for recovery may continue to use the existing paper procedure until 31 December 2026. The regulation also introduces stricter rules on plastic waste exports, with exports to non-OECD countries to be banned from 21 November 2026.

Businesses involved in cross-border waste movements need to ensure they are registered on DIWASS and familiar with the new digital procedures ahead of the end of the paper-based transition period.

Katie Vickery, Partner
T: +44 207 105 7250
katie.vickery@osborneclarke.com

Charlie Hennig, Associate
T: +44 207 105 7524
charlie.hennig@osborneclarke.com

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

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

Regulated procurement

Regulated procurement

Government publishes Procurement Policy Note on public interest test and insourcing strategy

The Cabinet Office has published Procurement Policy Note 024, requiring central government departments, executive agencies and non-departmental public bodies to conduct a "Public Interest Test" before commencing any planned procurement or re-procurement of services worth more than £1 million. The test is designed to encourage government departments to consider the viability of delivering a service in-house before going to market.

In-scope organisations with annual contract spend of £100 million or more will also be required to develop and publish a five-year Insourcing Strategy by 1 April 2027. Quarterly reporting of Public Interest Test outcomes to the Government Commercial Agency will be required from the same date. A number of exemptions apply, including direct award contracts, defence and security contracts and contracts governed by the NHS Provider Selection Regime.

For suppliers to public sector, the PPN signals the government's desire from a policy perspective to choose insourcing. However, the Public Interest Test only requires the public sector to consider insourcing, and does not mandate it where insourcing is not practical or feasible. Businesses with significant public sector contract revenue should therefore be alive to the risk of some contracts being brought in-house, but should weigh this risk against the likelihood of such a move being feasible for the public sector.

Debarment Review Service publishes its operational protocol

The Debarment Review Service (DRS) has published its operational protocol: a guide to how it will manage investigations to decide whether to enter suppliers onto the debarment list on the basis of the exclusion grounds listed in Schedules 6 and 7 of the Procurement Act 2023.

With the Act having been in force for over a year and the debarment list still empty, the publication of this protocol represents the first detailed public account of how the DRS will exercise its investigatory powers. This includes a three-stage triage process with the most important element being whether the DRS should investigate.

In this stage, the DRS will consider if there are any compelling reasons not to investigate. If no such reasons apply, the DRS will assess the case as high, medium or low risk against the four criteria in the Triage Risk Assessment Framework. At the time of writing, the threshold at which the DRS will investigate is where at least one criterion is assessed as being high risk. This appears to be a somewhat asymmetric test, and it will be interesting to observe how it operates in practice.

Small and medium-sized enterprises (SMEs) with limited public sector exposure are unlikely to score highly against any of the four triage criteria, even where the underlying exclusion ground is a serious one (a criminal conviction, for example). Unless the SME happens to deliver goods or services that are critical to essential services, the referral is likely to fall below the investigation threshold. In such cases, the DRS would only investigate if there is a compelling public interest reason to justify an investigation (that is, the DRS might consider that the severity of the exclusion ground is itself a compelling reason to investigate). This would place the case at the bottom of the priority list, which should offer a degree of comfort to smaller suppliers who may be anxious about the prospect of debarment.

The position for major strategic suppliers is very different. A supplier with significant public procurement exposure, and especially the Crown's named strategic suppliers, will always score highly on the first criterion alone. This means that any referral, regardless of the severity of the exclusion ground, is likely to clear the investigation threshold. For those suppliers, the only way to avoid investigation is for the DRS to identify a compelling reason not to investigate, such as ongoing legal proceedings or imminent commercial negotiations, or perhaps the comparative insignificance of the exclusion ground.

If you would like to discuss the debarment process further, please contact your usual Osborne Clarke contact or a member of our procurement team.

Cabinet Office redraws national security exemption to cover four critical sectors

The Cabinet Office has published Procurement Policy Note 025. It requires central government departments, executive agencies and non-departmental public bodies to engage with senior government policymakers before procuring high value contracts in four key sectors and decide on a case-by-case basis whether to procure that contract outside UK procurement legislation on grounds of national security.

The four key sectors deemed critical to the UK's economic security are: steel, shipbuilding, AI and energy infrastructure, each with a nominated sector lead.

- Steel: contracts of £10 million or more, or requiring more than 500 tonnes of steel, are in scope.

- Shipbuilding: contracts over £1 million, covering the full lifecycle of ships and marine systems including design, construction, maintenance and disposal, as well as related technologies such as autonomy, digitalisation and AI, are in scope.
- AI: contracts of £5 million or more where they relate substantially to AI hardware, AI embedded in critical national infrastructure, or AI tools processing sensitive personal data.
- Energy infrastructure: no fixed financial threshold, with scope defined by the sector lead on a case-by-case basis.

Where a contract is taken outside procurement legislation, the PPN does not prescribe how those contracts must then be awarded, giving contracting authorities a wide discretion to decide how and to whom to award the contract. It does, however, state by way of example that one option is for the procuring authority to "restrict potential suppliers to UK based suppliers only, while still complying with other obligations under the Act". The PPN also states that (a) the UK must comply with international trade agreements, and (b) suppliers from the UK's "close trading partners" remain valuable delivery partners for UK public sector contracts.

For suppliers operating in the above sectors, particularly non-UK-based suppliers, there may be both risks and opportunities in those contracts being awarded outside the Procurement Act 2023. Suppliers should assess any upcoming contracts in these areas and consider the impact, seeking advice where necessary.

Welsh government publishes guidance on socially responsible procurement reporting

The Welsh government has published an information document setting out the content requirements for annual socially responsible procurement reports that certain contracting authorities in Wales must prepare and publish under section 39 of the Social Partnership and Public Procurement (Wales) Act 2023.

Contracting authorities that have awarded any prescribed contracts in a financial year must publish an annual report including:

- a summary of public procurement exercises during the year that led to, or were intended to lead to, the award of a prescribed contract;
- a review of the extent to which all reasonable steps were taken to meet socially responsible procurement objectives;
- a statement of any reasonable intended future steps to meet those objectives;
- a summary of the public procurement the authority expects to carry out in the next two financial years; and
- information specified in regulation 6 of the Social Partnership and Public Procurement (Wales) Regulations 2026.

Welsh ministers are separately required to publish an annual report on public procurement in Wales, which must include information about contracting authorities' annual reports and the results of any investigations.

DHSC publishes national standard guidance on value based procurement for medical technology

The Department of Health and Social Care, working with NHS England and NHS Supply Chain, has published national standard guidance on value based procurement for medical technology, covering consumables, implantables, capital equipment, digital products and AI products across primary and secondary care. The guidance is directed at NHS buyers and should be used to evaluate tenders in procurements for those contracts.

For suppliers, the guidance sets out in detail the questions they will be required to respond to across five value domains: social value, efficiency, patient and staff, supply chain and purpose. Together these domains must account for at least 60% of the overall evaluation weighting, with social value carrying a mandatory minimum of 10%. Whole life cost accounts for the remaining maximum of 40%. Within each domain, the guidance sets out the evidence and supporting information that suppliers will be expected to provide, covering areas such as pathway simplification, productivity improvements, patient outcomes, supply chain resilience, circular economy approaches and implementation support. Responses are assessed on a scored basis from zero to five.

Suppliers bidding for NHS medical technology contracts should familiarise themselves with the guidance to understand what evidence they will need to demonstrate and how it will be evaluated.

Regulated procurement

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

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

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

Ashlie Whelan-Johnson, Associate Director (Barrister)
T: +44 207 105 7295
a.whelanjohnson@osborneclarke.com

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

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

Sanctions and Export Control

Sanctions and Export Control

OFSI issues £1m penalty for Russia sanctions breaches in first circumvention case

The Office of Financial Sanctions Implementation (OFSI) has issued a £1,000,920.59 fine against technology firm Sabre Global Technologies Limited (SGTL) for breaching financial sanctions against Russia.

The breaches related to services provided by SGTL to a designated entity for seven months after it was designated in May 2022. SGTL had been repeatedly notified of the designation by its UK bank and, after three payments were blocked for sanctions concerns, the company explored alternative options for receiving payment from the designated person, which OFSI considered amounted to circumvention.

OFSI assessed the case as "most serious". Aggravating factors included deliberate circumvention, high breach value, repeated and extended breaches, and a substantial risk of harm to the objectives of the UK's Russia sanctions regime; the designated entity operated in the strategically significant transport sector.

This was the third penalty resolved under transitional arrangements in OFSI's new settlement policy, introduced in February. OFSI applied a 20% discount to reflect SGTL's voluntary disclosure and settlement of the case, imposing a final penalty of £1,000,920.59, which is the largest monetary penalty in relation to Russia sanctions since the 2022 invasion of Ukraine.

OFSI's penalty notice set out the following compliance lessons for firms:

- Attempts to reroute or restructure payment pathways to bypass sanctions controls may constitute circumvention and significantly aggravate the seriousness of any case.
- Digital services, software and data tools can constitute "economic resources" under UK sanctions law, and where uncertainty exists, firms should seek appropriate specialist legal advice to ensure products and services are assessed accordingly.
- Firms should maintain up-to-date policies, procedures and training, supported by competent senior oversight and clear accountability.
- Sanctions policies must be tailored to the UK sanctions regime; firms should conduct appropriate testing of their sanctions screening systems and take appropriate action in response to any sanctions red flags.
- Firms must report suspected breaches to OFSI comprehensively and as soon as reasonably practicable.

See the official press release.

FCA and OTSI sign MoU on cooperation and intelligence sharing

The Financial Conduct Authority (FCA) and the Office of Trade Sanctions Implementation (OTSI) have signed a memorandum of understanding (MoU) on information sharing and cooperation on trade sanctions matters.

Under the memorandum, the FCA and OTSI committed to sharing relevant information on:

- suspected or actual sanctions breaches identified by OTSI that suggest weaknesses in an FCA-supervised firm's systems and controls;
- suspected or actual sanctions breaches identified by the FCA of which OTSI may not be aware;
- suspected or actual breaches of trade sanctions where joint investigations may benefit sanctions enforcement; and
- intelligence relevant to either regulator's remit that is not related to sanctions.

The MoU will be reviewed every two years and may be amended by agreement of the parties. The FCA signed a separate MoU with OFSI in 2023.

OFSI general licences and FAQs

OFSI has issued the following:

- General Licence INT/2026/9559192, which allows for defined persons to take the steps necessary to enable and enact an interdiction, and permits certain related payments and payment processing. It came into effect on 12 June and is of indefinite duration.
- General Licence INT/2026/9512597, which permits UK law firms or counsel that have provided legal advice to a designated person under the UK Autonomous Sanctions to receive payment without a specific licence. It came into effect on 29 April and expires on 28 October. FAQs 50 and 57 have been amended and FAQ 184 has been published following the new general licence.
- FAQ 186, on the application of UK financial sanctions to the HTX cryptocurrency exchange following its designation on 26 May.

- FAQ 187, on how mandatory corporate actions engage the Russia and Belarus Regulations, providing guidance for those trading transferable securities and money market instruments.
- FAQs 188-195, clarifying how UK financial sanctions apply in relation to PJSC Transneft and associated activity. The FAQs provide additional guidance on how relevant prohibitions operate in practice, including when a licence may be required and how firms should approach compliance risks.

OFSI has amended the following:

General Licence INT/2024/4761108, which allows non-designated persons to make or receive permitted payments via a designated credit or financial institution up to a certain limit, has been amended to include a new definition of "cryptoasset" and a new reporting requirement for any person using cryptoassets to make or receive payments under the licence. The licence has been extended and now expires on 23 February 2028.

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

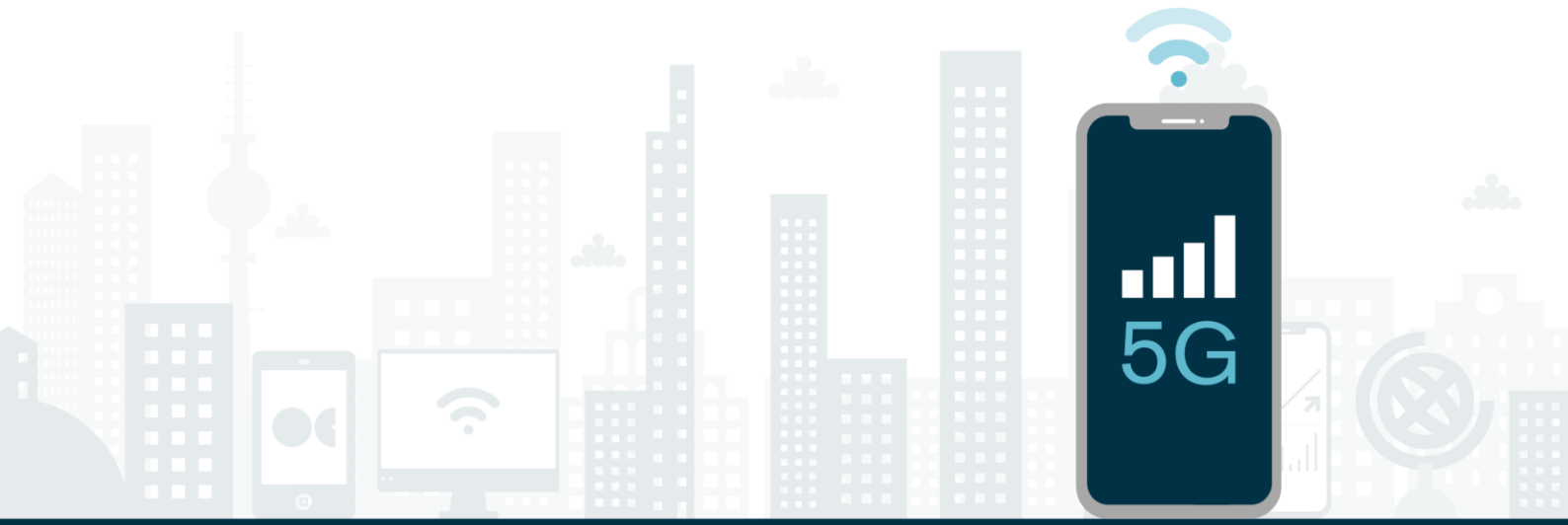
Kristian Assirati, Associate Director
T: +44 20 7105 7847
kristian.assirati@osborneclarke.com

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

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

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

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



Telecoms

Telecoms

Draft revised Telecommunications Security Code of Practice recently published

The revised Telecommunications Security Code of Practice was published in draft on 3 June 2026, following the Department for Science, Innovation and Technology (DSIT) consultation launched in summer 2025. It has not yet come into force, but operators should plan on the basis that it will do so around mid-July 2026, unless either House of Parliament objects within the 40-day scrutiny period.

The code of practice was published in 2022 and provides guidance on how public telecoms operators can meet their existing legal duties under the Communications Act 2003 (as amended by the Telecommunications (Security) Act 2021) and the Electronic Communications (Security Measures) Regulations 2022. It applies primarily to Tier 1 providers (those with relevant annual turnover of £1 billion or more) and Tier 2 providers (£50 million to £1 billion).

This update does not change the underlying law or introduce new statutory duties. Instead it refreshes the non-binding guidance on demonstrating compliance and expands the code across several areas:

- **Risk-based approach and in-house competency requirement:** The revised code reinforces a risk-based approach rather than treating the code as a compliance checklist and explicitly encourages early implementation where prudent. Board-level accountability has been strengthened: the designated person or committee must now "have sufficient knowledge and competency to discharge these responsibilities", clarifying that formal nomination alone is insufficient.

- **Supply chain and third parties – tighter accountability:** Operators cannot delegate security to suppliers and must maintain appropriate contracts, monitoring, and sufficient in-house capability to understand and appraise supplier activities. The revised code introduces a unified term "third-party administrators" (3PAs) for external partners with privileged or administrative access. Security must be a significant factor in procurement decisions, based on objective, evidence-backed assessments rather than documentation alone.

- **Cloud providers – new expectations:** A dedicated section on cloud providers requires that security controls are applied correctly. Operators must not assume that moving a function to the cloud automatically delivers the necessary level of control. Under the shared-responsibility model, cloud providers are treated as both 3PAs (for underlying physical infrastructure and virtualisation fabric) and third-party suppliers (for the cloud services themselves). The operator remains responsible and accountable for management, oversight, and ensuring the overall architecture meets the code of practice. Operators must also understand the operational impact of losing connectivity to the cloud environment's control plane and plan accordingly.

- **Privileged access workstations (PAWs) – significantly expanded:** The revised code contains more prescriptive guidance on PAWs, aligned to National Cyber Security Centre (NCSC) and ETSI standards, including requirements for written design records, annual reviews, secure build checks, segregated infrastructure, protective monitoring, and audited data transfer controls. These inherit the 31 March 2027 implementation deadline.

- **Signalling – stronger guidance, but IDS mandate removed:** The revised code strengthens guidance on protecting the signalling plane. Following industry feedback on cost and proportionality, an independent signalling intrusion-detection system (IDS) is recommended but not mandated.

- **Security testing – greater emphasis on continuous and automated testing:** Testing guidance has been expanded, including expectations around negative testing and automated scanning for vulnerabilities, missing patches, and configuration changes. TBEST is clarified as one option among several.

- **Incident response planning**: The revised code expects operators to maintain a well-socialised, regularly practised incident response plan to ensure effective response and aid regulatory compliance during time-pressured situations.

- **Equipment restart frequency – new guidance:** The revised code recommends periodic restarts of network equipment to mitigate non-persistent malware residing only in memory. Where restarts are not inherent in existing processes, operators must identify high-risk equipment and implement controlled restart procedures using a risk-based approach.

- **SIM and eSIM security:** Operators must check SIM providers' certificates against the GSMA SAS accredited website and satisfy themselves that supporting sites and external parties are sufficiently trustworthy. This applies to all SIM types, including eSIMs.

- **Data protection – broader scope:** The guidance broadens the data-protection focus beyond personal data to include network data and "bulk data", advising IPsec or TLS for data in transit and tight role-based, least-privilege access controls.

- **New measures introduced:** The revised code introduces new measures with staggered implementation deadlines, including: initial measures (M22 series), covering CAF-related requirements; further new measures (M23 series), including the automated vulnerability-scanning requirement (M23.02) and automation pipeline controls (M23.03); and additional measures (M24 series) related to the signalling plane, including the logging-functionality testing requirement (M24.01) and API documentation and security controls (M24.08). Where proposed changes to measures with already-passed implementation deadlines were perceived as more than mere clarification, the government shifted those requirements into new standalone measures with future implementation timeframes.

The revised code has practical implications for telecoms operators, who should consider the following steps:

- Confirming tier classification and ensuring compliance programmes reflect the correct expectations and timelines.
- Running a gap assessment against the revised code and the published changelog, focusing on the new measures in the M22, M23, and M24 series and the expanded PAW requirements.
- Reviewing supply contracts, particularly with managed-service providers and cloud suppliers, to ensure contractual controls, audit rights, and security obligations align with the tighter expectations in the revised code. The code sets specific implementation dates for new and existing contracts, with a deadline of 31 March 2027 for all existing contracts to meet the relevant requirements.
- Checking whether their board-level designee genuinely has sufficient knowledge and competency to discharge these responsibilities, not merely whether someone has been formally nominated.
- Reviewing restart and patching procedures, mapping the new periodic-restart recommendation against existing schedules, identifying high-risk equipment, and documenting a risk-based rationale for restart frequency. A written restart policy referenced in the security governance framework is advisable.
- Reviewing, socialising and regularly testing their incident response plan to minimise incident impact and meet regulatory obligations.

Implementation deadlines for new measures:

Initial new measures (M22 series): 31 March 2028
Further new measures (M23 series): 31 December 2029
Additional measures (M24 series): 31 December 2029

These dates sit alongside existing implementation deadlines from the 2022 code that remain in place.

Implementation deadlines for existing supply contracts: 31 March 2027 to meet the relevant requirements.

Ofcom published latest AI strategic report on safe and secure AI adoption

On 4 June 2026, Ofcom published its latest report on the use of AI in the telecoms sector. This is the third AI strategic report by Ofcom, required by the government to demonstrate how regulators are supporting the AI Opportunities Action Plan. It marks a shift from Ofcom's earlier focus on mapping AI risks (2024–25) and enablement (2025–26) to a more proactive stance: consulting with operators and bodies such as the AI Security Institute and NCSC on the cybersecurity implications of AI, and launching the first formal regulatory investigation into an AI chatbot (X's Grok).

This report highlights four key trends for telecoms operators to be aware of:

- **AI and Cybersecurity:** Ofcom consulted earlier this year to seek input from operators regulated under the Communications Act 2003 (as amended by the Telecommunications (Security) Act 2021 (TSA)) and the NIS Regulations 2018, to understand how AI is currently being used in cybersecurity and whether regulatory requirements may present unintended barriers to adoption.

Ofcom's priority is to ensure the safe and secure adoption of AI in cybersecurity environments, balancing innovation against regulatory risk. Levels of trust and assurance in AI are likely to affect both the pace and extent of adoption. Further clarity from Ofcom is expected later in 2026.

- **"AI for Networks" – potential for new guidance:** Ofcom is exploring how AI is being applied by telecoms providers to support network management and optimisation, considering emerging issues around transparency, explainability, and accountability. This work will inform its policy development on network resilience and may lead to future guidance. Operators should review their internal governance frameworks for AI-driven network operations in preparation.

- **Customer-facing AI:** Ofcom is researching how customers, telecoms companies, and third-party applications are using AI tools, with findings planned for publication in the second half of 2026. It is considering whether rule changes are needed to protect customers from potential harms, including adequacy of protections for vulnerable consumers, AI-related fraud risks, and protections for customers uncomfortable using AI tools.

- **Agentic AI:** Ofcom has identified growing interest in agentic AI and flagged that accountability and control present challenges, noting that agentic systems can make consequential decisions without direct human intervention and risk becoming opaque "black boxes" without effective governance and meaningful human oversight.
  For telecoms operators, Ofcom has identified agentic AI as a potential use case for network optimisation and maintenance_– envisaging systems that dynamically adjust network parameters within pre-defined guardrails. However, applicability to critical national infrastructure means cascading errors would have higher impact, and explainability challenges could complicate incident reporting.

  Agentic customer-service chatbots are identified as a cross-sector use case currently in pilot, capable of actions such as enacting refunds or cancelling orders. Ofcom notes consumer scepticism around chatbot effectiveness and concerns about users anthropomorphising AI systems.

  Operators deploying or planning agentic AI tools should develop effective governance frameworks that demonstrably address explainability and oversight by design.

Ofcom is also preparing for increased AI-related regulatory responsibilities, including new responsibilities regarding data centres under the Cyber Security and Resilience Bill currently before Parliament. Ofcom will continue to use its powers under the TSA to address security and resilience risks arising from AI in telecoms networks.

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

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

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

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

Matt Suter, Associate Director
T: +44 207 105 7447
matt.suter@osborneclarke.com