

Regulatory Outlook

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

The spotlight development this month is the Law Commission's consultation proposing a major overhaul of the UK's product liability regime, affecting businesses that design, manufacture or supply goods or software, as well as online marketplaces. See the products section for more.

October 2026

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Advertising and marketing

Advertising and marketing

CAP warns on ads targeting new and expectant parents as ASA flags baby product claims

The Committee of Advertising Practice (CAP) has published an advice note for marketers advertising to new and expectant parents. CAP says that this audience may be particularly vulnerable to claims about health, wellbeing, body image and baby safety.

The note highlights areas of caution, advising that ads should not exploit insecurities about post-partum appearance or weight; link a new mother's emotional wellbeing with changing her body; or make misleading claims about a product's ability to reassure parents about a baby's health.

It also advises that ads should not encourage parents to rely on a product instead of seeking appropriate medical advice; promote a product as safe where its use could conflict with recognised safety guidance; or make health or medicinal claims without the required evidence or authorisation.

The Advertising Standards Authority (ASA) has also published a warning aimed at parents and carers about online ads promoting baby products that claim to help with colic, reflux, sleep and soothing. Following a monitoring exercise of the health sector using its AI-powered Active Ad Monitoring system, the ASA identified 350 online ads for baby products and services.

Based on a sample review of these, 59% of ads reviewed were considered high risk. Key concerns included claims that lying flat is problematic, with products promoted as solutions by positioning or elevating the baby; claims that sleep or elevation devices can reduce or stop reflux, ease distress, improve sleep or prevent colic; and images of babies strapped into potentially unsafe sleep devices. It also raised concerns over claims relating to sudden infant death syndrome and flat head syndrome, including that products could reduce associated risks.

The ASA is liaising with regulatory partners, acknowledging that some concerns extend beyond advertising to wider product safety issues.

CAP enforcement reports target misleading health claims for supplements and prostate tests

CAP has published two enforcement reports examining misleading health-related ads. The first considers the impact of enforcement against food supplement ads claiming to prevent, treat or cure traits of attention deficit hyperactivity disorder (ADHD) and autism spectrum disorder (ASD); the second addresses the irresponsible advertising of prostate-specific antigen (PSA) home testing kits and prostate supplements.

Following the ASA's publication of a series of rulings on both issues, CAP conducted follow-up monitoring exercises and identified further non-compliant ads.

The main issues identified were claims that supplements could treat, prevent or cure traits of ADHD or ASD, along with health claims that breached the advertising code such as claims that a supplement can enhance mental clarity, energy, focus, cognitive performance, memory and mood, It also found non-compliant prostate supplement ads claiming to prevent, treat or cure prostate-related health issues; and PSA home testing kit ads that misleadingly implied that the tests could diagnose cancer and failed to make the limitations of the tests clear. CAP intends to continue monitoring these sectors.

CAP sets out guidance for advertisers of health-monitoring apps

CAP has published guidance for advertisers of apps that incorporate health-monitoring functionality.

CAP refers to the Medicines and Healthcare products Regulatory Agency's guidance which distinguishes between software that merely records health information and software that measures, analyses or interprets physiological data. Software functioning as a digital notebook is unlikely to fall within the scope of medical device regulation; however, more advanced capabilities may bring it within the UK medical devices framework. As health apps become increasingly sophisticated, advertisers should be mindful of the potential need to comply with the relevant medical device regulatory framework.

CAP also cautions against overstating the capabilities of a particular technology. The concern is not only what apps actually do but also to how consumers are likely to perceive their functionality. Claims, demonstrations and visual cues need to accurately represent an app's capabilities and be substantiated by appropriate evidence.

Advertising and marketing

Subscription contracts: government issues guidance and CMA signals its compliance approach

See the consumer law section.

CMA fines three firms for misleading sales tactics

See the consumer law section.



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Artificial Intelligence

Artificial Intelligence

UK updates

ICO launches call for evidence on agentic AI

The Information Commission's Office (ICO) has launched a call for evidence seeking views to inform its thinking on how to apply data protection law to the distinctive capabilities and risks of agentic AI. The ICO notes that its existing regulatory expectations continue to apply to the processing of personal data within these workflows, but also highlights that agentic AI systems process personal data on a larger scale and in more complex ways than previous generation AI systems based on large language models. The ICO says that this potentially poses data minimisation and security risks in the absence of appropriate safeguards.

The call focuses on targeted areas of compliance where research and stakeholder engagement have raised concerns, and sets out the ICO's current thinking. It covers the themes of data security, transparency, accountability, automated decision-making (ADM), fairness and purpose limitation, and lawfulness of processing, while also welcoming views on other issues that respondents might consider the ICO should prioritise.

The evidence gathered will inform future guidance and the ICO's forthcoming statutory code of practice on AI and automated decision-making, which it is obliged to produce under the Data (Use and Access) Act 2025. The call for evidence closes on 20 November.

In a statement accompanying the call for evidence and its report on AI foundation model development (see below), the ICO also said that it has identified the increasing personalisation of consumer-facing AI services as a priority area for regulatory focus. This includes general-purpose chatbots and chatbots used for role-play and companion purposes. The ICO is conducting public research to understand concerns and is engaging with businesses to ensure these products meet people's needs in a transparent and privacy-focused way.

The ICO is also exploring the application of agentic AI in the adtech ecosystem and intends to publish a report on its findings later this year.

ICO sets out data protection expectation for AI foundation model developers

The ICO has released a report on its work in connection with building trust and transparency into generative AI development, setting out its approach to foundation model development. The regulator’s central message to model developers is that businesses and the public must be able to trust that personal data is being used lawfully and transparently, with effective safeguards. Building that trust means embedding it into model development and AI governance from the start.

The report outlines the relevant data protection challenges in this area (transparency, lawful basis, data subject rights, special category data and clarity on when a model contains personal data) and the ICO's regulatory expectations.

On next steps, the ICO will continue its scrutiny of reliance on legitimate interests, continue to discuss with government the issue of special category data to ensure that data protection law supports responsible AI innovation while protecting people from harmful personal data processing, and address the public's queries and concerns over the increasing personalisation of consumer facing AI services.

House of Commons committee launches inquiry into AI adoption, safety and governance

The House of Commons Business, Innovation, Science and Trade Committee has launched a "long-term thematic inquiry" to examine how the UK can support AI adoption while protecting the public and national security.

The inquiry aims to investigate, among other things, the allocation of responsibility for AI-related harm between developers, deployers and users, whether standard consumer and business contracts provide meaningful remedies when safeguards fail and whether the law requires clarification or reform.

The inquiry will also examine whether industry commitments and self-regulation provide adequate protection and whether statutory duties, standards or powers in certain areas are needed.

The role and powers of the AI Security Institute (AISI) also come under scrutiny, including whether it should have a statutory basis and how responsibility for investigation, intervention, enforcement and democratic accountability should be divided between the AISI, government and sector regulators.

Artificial Intelligence

Joint committee calls for risk-based AI legislation with human rights safeguards

The Joint Committee on Human Rights, in a report published as part of its inquiry into human rights and the regulation of AI, has called for a dedicated AI bill.

The bill recommended by the committee would take a risk-based approach to addressing AI harms, imposing proportionately more demanding obligations on higher-risk AI systems and models. The committee says that legislation should not place "unjustified burdens" on businesses, and should enable UK companies to innovate and take advantage of the benefits AI can offer.

The committee also recommends prohibiting the use of AI in ways that are inconsistent with human rights, such as the use of subliminal techniques, emotional inference or the inappropriate use of profiling or biometric data. AI systems posing a high risk of harm to human rights should be required to obtain prior approval before they can be provided or deployed.

It further recommends that legislation place requirements on businesses at all stages of the supply chain to undertake the due diligence necessary to prevent unacceptable risks to human rights when designing, developing or deploying AI systems. This would be alongside mandatory transparency requirements on all those involved in the AI lifecycle. AI systems that can have significant impacts on individuals, groups and communities would, for example, be obliged to state when they are being used, what they are being used for, and to provide information about the AI system's data sources.

The committee also calls on the government to establish an independent AI oversight body on a statutory footing, either by creating a new body or by expanding the powers of an existing one.

ICO chief executive explores privacy and transparency challenges posed by smart glasses

See the data law section.

EU updates

European Commission consults on copyright and AI

The European Commission has launched a consultation on copyright and AI, seeking feedback on issues and challenges relating to the use of copyright-protected content in the context of AI; research; the fight against online piracy of content, including in connection with live events; and the use in the EU of sound recordings of music producers and performers from outside the EU.

The Commission aims to assess whether future measures are needed and gather views on possible policy options. The consultation closes on 3 November.

European Data Protection Board publishes statement on smart glasses

See the data law section.



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Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

SFO updates corporate co-operation guidance and publishes new self-reporting guidance

The Serious Fraud Office (SFO) has updated its corporate co-operation guidance on self-reporting suspected fraud, bribery and corruption and published separate guidance on making a corporate self-report.

The updated guidance, which was first published in April 2025, now enables companies' legal representatives to discuss a potential self-report directly with the SFO's Director of Legal Services and General Counsel, Matthew Wagstaff, via a dedicated email address, before submitting a formal report. Companies are also able to request anonymity at this stage. The SFO states that the change offers a "swifter, clearer path" into deferred prosecution agreement (DPA) negotiations for corporates that engage early.

The update also clarifies that companies should take a proportionate, risk-based approach to identifying the full extent of any criminal offending. It confirms that the six-month period within which the SFO aims to conclude DPA negotiations now runs from the point a company accepts an invitation to negotiate, rather than from when the invitation is issued, giving corporates a clearer and more predictable timeline.

This update reflects the SFO's continued push to encourage companies to self-report at the earliest opportunity, by lowering the barriers to engagement and offering greater certainty over timing. Organisations should ensure that their internal reporting, investigation and escalation processes are robust enough to identify and address potential wrongdoing before any decision to self-report needs to be made.

See the press release.

BIST consults on whistleblowing reforms and SFO rewards scheme

The Department for Business, Innovation, Science and Trade (BIST) has launched a consultation on reforming the whistleblowing framework under the Employment Rights Act 1996. It also seeks views on a proposed SFO financial rewards scheme for reporting economic crime and associated criminal offences.

The key areas for consultation include:

- a proposal for whistleblower rewards to be calculated as a percentage of any financial penalty or fine imposed on the company, with no proposed cap on the maximum value;
- a new criminal offence for individuals who knowingly submit false information under the scheme, or who harass or intimidate whistleblowers who use it; and
- whether the categories of reportable wrongdoing should be expanded to better capture risks arising from AI technologies and corruption-related misconduct.

The consultation closes on 8 January 2027.

Applications open for next director of the Serious Fraud Office

The attorney general, Ellie Reeves KC MP, has officially opened applications for the next permanent director of the Serious Fraud Office, with the Attorney General's Office overseeing recruitment. The role is offered as a five-year fixed-term appointment, extendable for up to a further two years.

As previously reported, the role has been filled on an interim basis by Graham McNulty since Nick Ephgrave's retirement in April 2026. A permanent director is expected to be in place by early 2027. With the SFO's recent moves to encourage self-reporting and whistleblowing, the identity and priorities of the next director will be worth watching closely.



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Bribery, fraud and anti-money laundering



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Competition

Competition

EU-UK Competition Cooperation Agreement

On 19 October 2026, the EU published the EU-UK Competition Cooperation Agreement. The agreement aims "to promote cooperation and coordination on competition matters". It is due to come into force on 1 December.

The principal developments introduced by the agreement are the coordination of enforcement activities, a negative comity obligation, and a number of requirements relating to the sharing of information.

The competition authorities may agree to coordinate enforcement where they pursue the same or related goals. This is already happening in several cases, a key example being the investigation into fragrances, where the Competition and Markets Authority (CMA) launched an investigation in consultation with the European Commission as well as other competition authorities in the US and Switzerland. However, this legal backing may pave the way for further coordination.

The negative comity obligation requires the authorities to give "careful consideration to each other's important interests" during all phases of competition enforcement. Although "important interests" is not defined, the requirement is likely to foster the exchange of information. This has the potential to be especially important at a time when the CMA has been instructed to focus its enforcement activity on issues directly affecting UK consumers.

Information sharing is permitted only where lawful under applicable domestic law, including confidentiality and data protection requirements. Authorities are not obliged to share information. Where necessary, they must consider seeking providers' written consent on request meaning that, in practice, waivers will often remain necessary. This supports cooperation while preserving domestic restrictions, and does not establish unrestricted access to evidence. Safeguards restrict use generally to competition enforcement and evidential use to the subject-matter for which information was originally obtained. Specific protections govern sanctions against individuals. Onward disclosure is controlled, non-public information must remain confidential, and accidental misuse or disclosure triggers notification and consultation on mitigating harm.

This publication comes ahead of the UK-EU summit in Brussels on 20 November. This may indicate that further cooperation in other regards is on the horizon. Businesses should keep their eye on the developing regulatory landscape that emerges from these talks.

Recovering competition damages from directors in the EU

On 1 October 2026, Advocate General Szpunar handed down an opinion stating that a company cannot sue its officers to recover a competition law fine. The case concerns corporate accountability and the boundary between public enforcement and private claims against management.

Following a cartel investigation in the stainless steel industry, Germany's Federal Cartel Office fined Zapp Precision Metals €4.1 million and its former managing director, KU, €126,000. The company sought reimbursement of its fine from KU.

Although the referring court considered the payment compensable damage under German company law, it questioned whether recovery would undermine the objectives of competition penalties. Previously this has been a matter to be decided under national law. Several jurisdictions have allowed such claims, while others have rejected the possibility of companies recovering fine payments from the individuals who directly engaged in the anticompetitive conduct.

Szpunar's opinion centres on the undertaking as the perpetrator of the infringement. Its liability is personal: individuals acting for it form part of its economic unit. Fines are calibrated to the undertaking's circumstances and must remain effective, proportionate and dissuasive. Reimbursement, even partial, would dilute that deterrence and effectively alter the economic impact of the authority's decision. The broader implication is that private enforcement cannot automatically be treated as reinforcing public enforcement. The opinion rejects the Commission's suggestion that increased deterrence of managers could offset reduced deterrence of undertakings. Directors' and Officers' (D&O) insurance would not change the analysis; transferring the burden to an insurer would reinforce the same concern.

Importantly, the proposed prohibition is confined to loss resulting exclusively from payment of the fine. Szpunar preserves separate personal fines and recourse against managers for compensation paid to injured parties. He does not resolve the claims for investigation and legal costs. If adopted by the court, the approach would prioritise corporate compliance incentives while leaving managerial accountability to distinct mechanisms. This is only an Advocate General's opinion and so, while informative, it is not the court's ruling. Businesses monitor whether the court follows the opinion on the recovery of competition law fines from a company's officers.

Competition

Updated CMA guidance on whistleblowing and cartel reporting

On 2 October 2026, the CMA published updated whistleblowing guidance and a new webpage for cartel reporting. Crucially, this updated guidance provides new online routes for whistleblowers to make a report.

Whistleblowing is a key avenue through which the CMA is able to build evidence of competition and consumer law infringements and the updated guidance reflects its continued ambition to facilitate whistleblowing. The introduction of a dedicated online reporting tool for whistleblowers, alongside a specific webpage for cartel reporting, underscores the CMA's commitment to making these channels more accessible and effective. A significant proportion of the CMA's investigations into breaches start from whistleblowing in some form. Businesses should use the updates to the whistleblower reporting channels as a prompt to consider whether their competition and consumer law compliance strategy is robust, to prevent the risks of non-compliant behaviour arising.

The updated guidance specifies that the CMA is the appropriate body to report any suspicions or knowledge of conduct which is believed to infringe competition or consumer protection law, provided that the whistleblower believes that their information is "substantially true" and that investigating the alleged infringement would be in the public interest. The CMA is a "prescribed person", meaning that an individual who reports concerns about their former or current place of work may have legal protection. An individual can first discuss any apprehensions with the CMA before making a full report. Reports may also be made anonymously, although this is likely to affect the CMA's ability to investigate thoroughly.

The CMA can be contacted through the online whistleblower report, phone, or email. There is also a new specific webpage for reporting cartels, which includes situations where businesses agree not to compete, not to hire each other's employees, or to fix their prices. Reports should detail all known circumstances of the alleged wrongdoing including timeframe, duration, parties involved, what actions were committed and how the reporter has become aware of these circumstances, including any evidence by way of documentation, screenshots and correspondence. However, the reporter should by no means try to investigate further for the purposes of the report.

Upon receipt of a report, the CMA will respond within five working days, assuming the report is not submitted anonymously. The report and evidence will be stored securely and the CMA will take steps to protect the whistleblower's identity. It will carefully review the evidence and conduct further research before deciding next steps based on its "prioritisation principles".

CMA issues first employee fines for concealing evidence in construction dawn raid

The CMA has imposed penalties totalling £50,000 on construction firm M&J Group and two employees for concealing a work mobile phone and documents during a dawn raid. This marks the CMA’s first civil penalties against individuals for concealing evidence during an inspection.

Although the penalties for M&J Group were imposed under the previous corporate penalty regime, businesses now face the risk of much larger fines following changes introduced by the Digital Markets, Competition and Consumers Act 2024 (DMCCA) from 1 January 2025.

Concealment during the inspection

M&J's estimating director instructed its office manager to remove a work mobile phone and documents from the premises during an investigation. The director also falsely told CMA officers that he did not have a work phone.

The items were subsequently returned and handed over later that day. Despite this, the CMA found that M&J's attempted concealment risked the loss of evidence and wasted investigative time and resources.

It imposed the following penalties:

- £25,000 on M&J Group;
- £20,000 on its estimating director; and
- £5,000 on its office manager.

Competition

The inspection formed part of an ongoing investigation into suspected bid-rigging by 12 construction companies. The CMA has publicly stated that the procedural fines are not indicative of the outcome of the wider investigation, which is still ongoing.

Enhanced powers and higher corporate penalties

The DMCCA has strengthened the CMA's investigative powers, including those concerning electronically stored information and interviews, and increased the potential corporate penalties for non-compliance.

The M&J dawn raid took place before the enhanced corporate penalty regime under the DMCCA came into force. At that time, the maximum fixed penalty for a business was £30,000, and the maximum fixed individual penalty was (and remains) £30,000. Under the new regime, businesses can face a fixed penalty of up to 1% of turnover, daily penalties of up to 5% of daily turnover, or both.

Impact on businesses

Future penalties for non-compliance could be considerably larger, particularly for businesses with high turnover. The office manager's fine also signals the CMA's willingness to pursue employees beyond senior management.

It is another important reminder that clear dawn raid guidance and training should cover staff at all levels, making clear their obligations and personal exposure from the outset. In this case, following a senior colleague's instructions did not excuse the breach.



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Consumer law

Consumer law

Subscription contracts: government issues guidance and CMA signals its compliance approach

The Department for Business, Innovation, Science and Trade has published guidance on the subscription contracts regime under the Digital Markets, Competition and Consumers Act 2024 (DMCCA), and the government has laid the draft secondary legislation, the Consumer Subscription Contracts (Cancellation and Information) Regulations 2026, before Parliament. The guidance is currently in draft; the final version will be published once the regulations are made following their passage through Parliament.

Building on the government's response to the consultation on implementing the regime, the guidance aims to clarify certain issues relating to the operation of the new regime. It provides further detail on the traders' duties to provide key and full pre-contractual information, to give reminder, cooling-off and end-of-contract notices, and to enable consumers to exit a subscription easily (including via an online exit route).

The regime is due to come into force on 1 January 2027. Ahead of the date, the Competition and Markets Authority's (CMA) executive director for consumer protection, Emma Cochrane, has commented on the regulator's approach to enforcement. In the early months of the regime, she said the CMA will focus on supporting businesses in complying with the new rules. This does not mean that enforcement is being delayed, however, any conduct during this period may still be taken into account in any enforcement action.

Ms Cochrane said the CMA will use its powers proportionately, in line with its broader approach to consumer protection, focusing enforcement on more egregious conduct, particularly in areas where businesses should already be clear about their obligations under existing law. The CMA intends to take into account genuine efforts to comply with the new rules when deciding whether to intervene, but its expectation is that businesses should bring themselves into compliance "as quickly as possible."

CMA fines three firms for misleading sales tactics

The CMA has used its direct enforcement powers under the DMCCA to fine three businesses for misleading sales tactics.

Wayfair has been fined for false time-limited offers. The CMA found that products were advertised on the company's website through "Daily Deals" and 24-hour "Flash Deals", alongside messages such as "Here Today, Gone Tomorrow" and countdown timers, yet many products remained available at the same price or lower after the stated deadline had passed.

Appliances Direct's fine relates to time-limited offers and pre-ticked checkboxes. The company was also ordered to pay around £432,000 in refunds to customers affected by automatic opt-ins. Appliances Direct used countdown banners on certain product pages claiming that discounts were available for a limited time, but the CMA found that the same discount codes appeared repeatedly over many days. Customers were also automatically opted into one or both of the following services: "Remove & Recycle Your Old Appliance" and "Installation on Delivery service".

Gold's Gym has been fined for failing to display the total price upfront, and was ordered to refund joining fees to affected consumers. The CMA found that the company did not include the joining fee in the total price shown to consumers for their annual and direct debit memberships, or displayed the total price in a manner that was unclear and unlikely to be seen.

As in previous cases, the businesses received a 40% reduction in their fines for engaging constructively with the CMA.

Ms Cochrane reiterated that the CMA will continue to focus on drip pricing and misleading time-limited offers.

Ryanair challenges CMA information notices as court sets November hearing

The CMA has published an update on its investigation into Ryanair's compliance with consumer protection law, which was launched in June. The CMA is examining Ryanair's use of a potentially unfair contract term requiring consumers travelling with a child to pay a mandatory fee to sit next to that child, as well as whether that fee was included in the total price displayed to consumers (drip pricing).

According to the CMA's update, on 5 August, Ryanair issued proceedings in the Administrative Court seeking permission to judicially review the legality of the regulator's information notices. On 6 August, Ryanair applied to the Administrative Court for interim relief from its obligation to comply with certain parts of the information notices, and to prevent the CMA from taking enforcement action (such as imposing fines) for non-compliance while the judicial review proceedings were

ongoing. The Administrative Court refused the application shortly afterwards. The Court has listed a hearing for 24 to 26 November, at which it will decide whether to grant Ryanair permission to proceed with its judicial review claim and, if permission is granted, determine the substantive judicial review claim.

Separately, Ryanair also submitted a complaint to a CMA procedural complaints adjudicator (PCA) challenging the CMA's refusal to pause the deadline for compliance with its information notices. In September, the PCA published a decision concluding that Ryanair's complaint fell outside its remit.



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Cyber-security

Cyber-security

Government announces plans to use frontier AI to strengthen cyber defences

The government has announced new measures to strengthen the UK's defences against AI-related cyber risks. The measures build on two pilots that have already identified and fixed over 1,000 vulnerabilities across government systems.

The government will also explore strengthening the Cyber Security and Resilience Bill and the wider regulatory regime, to better protect essential services (such as hospitals and utilities) from emerging AI risks. This includes the risk of AI "loss of control", where autonomous AI systems evade human supervision and bypass safeguards.

The National Cyber Security Centre (NCSC) and the AI Security Institute (AISI) are working together on how incidents involving autonomous AI agents should be identified, reported and responded to, including through a possible new framework for reporting AI "near-miss" incidents. Any new legislative measures will be developed in consultation with parliamentarians, technical experts and affected operators.

Operators of essential services and organisations deploying autonomous AI systems should follow these developments closely, as the measures could bring new compliance and incident-reporting obligations. Early engagement with the government's consultation process is an opportunity to help shape the eventual regime.

NCSC publishes guidance on disruptive cyber attacks

The NCSC has published guidance for CEOs, CISOs, boards and cyber professionals in large organisations on preparing to respond to and recover from a highly disruptive cyber incident. It covers four areas of preparation:

- Business continuity – identifying the critical services an organisation will maintain and prioritise during disruption, and planning for their recovery.
- People – ensuring staff are ready to respond effectively with defined roles and responsibilities, and planning alternative communication methods.
- Technical recovery – establishing the systems, data and processes required to securely restore technology, including testing restoration processes and arranging specialist incident response support.
- Critical decision-making – identifying leaders with authority to make strategic decisions, documenting pre-agreed decision principles, and developing a communications strategy with clear processes for notifying stakeholders.

It stresses that organisations should not only focus on preventing attacks but also prepare for recovery if an attacker succeeds, which it treats as a core resilience capability.

The guidance signals clear regulatory expectations on cyber resilience. Boards and in-house teams at large organisations, particularly critical national infrastructure operators, should benchmark their existing incident response and business continuity plans against the NCSC's four pillars now, rather than waiting for a live incident to expose the gaps.

Leaders of critical national infrastructure organisations should also read this guidance alongside the NCSC's guidance on planning for a severe cyber threat, which sets out additional, time-critical precautionary measures to mitigate and limit the effect of an attack.

NCSC advisory on China-linked threat group targeting sensitive data globally

The NCSC and eight international partners have issued a joint advisory exposing the China-linked company Integrity Technology Group for enabling state-backed cyber actors to exploit and compromise networks worldwide. Integrity was sanctioned by the UK in late 2025 over its alleged involvement in cyber attacks on British and international targets, and the activity set out in the advisory is consistent with campaigns previously attributed to the advanced persistent threat group Flax Typhoon (also known as Ethereal Panda or Red Juliett).

The threat actors have been observed using AI-enabled tools, large-scale botnets and manual exploitation techniques, including password spraying and cross-site scripting attacks against unpatched Microsoft Exchange servers and other long-standing vulnerabilities, to compromise networks and steal sensitive data from companies worldwide. Manufacturing and healthcare are named among the specifically targeted sectors.

Organisations should review the advisory's mitigation advice, including disabling unused services and ports, sanitising user input in web applications to prevent cross-site scripting attacks, and auditing and implementing identity, credential

and access management policies with multifactor authentication enabled wherever possible, to strengthen their cyber resilience.

See the NCSC press release.

UK AISI releases technical best practices for safe frontier AI development

The AISI has published a blog post setting out the technical practices frontier developers need to keep pace with AI capability, with cyber risk front and centre.

It notes that cyber risk can now arise before a model is even released, including during training, internal deployment and evaluation, because current frontier models are already autonomous and capable enough to cause harm while unreleased. Among its eight priority areas, the AISI highlights defining, detecting and reporting unsafe agent behaviour, flagging detection, response and reporting of agentic AI incidents as an urgent area for any organisation deploying or building on frontier models.

It points to the AI Cyber Security Code of Practice (see our previous Regulatory Outlook), which formed the basis for the ETSI EN 304 223 standard, as a model for how voluntary practice can develop into formal standards. Organisations should watch for similar cyber-specific requirements to become formalised as international standards in due course.



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Data law

Data law

UK updates

ICO sets out approach to foundation models and launches call for evidence on agentic AI

The Information Commission's Office (ICO) has published a report setting out its approach to foundation model development, The ICO recognises that interpretation and application of existing data protection law can be challenging in some areas, particularly where developers are processing special category data. The regulator is continuing to engage with government and industry on those more challenging issues. The report follows the UK government's recently closed call for evidence on how personal and non-personal data regulation interacts with AI.

The ICO has also launched a call for evidence seeking views on how data protection law applies to agentic AI. While the existing regulatory expectations continue to apply, the regulator highlights that agentic AI systems may pose heightened data minimisation and security risks in the absence of appropriate safeguards. The evidence gathered will inform the ICO's future guidance on this topic and its forthcoming statutory code of practice on AI and automated decision-making.

See more in the AI section.

ICO publishes guidance on smart data schemes

The ICO has published guidance for smart data scheme designers to provide regulatory clarity on aspects of smart data schemes that involve the processing of personal data. The guidance covers the different roles within a smart data scheme, lawful basis, transparency, data minimisation, data subjects' rights, security, complaints processes, and data protection by design and by default.

This guidance follows broader government activity in this area. In March, the government, under Sir Keir Starmer's leadership, published its smart data strategy. In July, it launched a multi-sector call for evidence on smart data schemes, which closed on 1 October.

More recently, the Department for Energy Security and Net Zero launched a consultation on the scope, design and implementation of a smart data legislative framework for the energy sector. The consultation closes on 8 January 2027. It will be used to make regulations using powers under the Data (Use and Access) Act 2025, provided the statutory framework for smart data schemes across sectors. This gives the secretary of state and the Treasury powers to introduce legal requirements for the creation and governance of such schemes via secondary legislation.

ICO chief executive explores privacy and transparency challenges posed by smart glasses

The ICO's chief executive, Paul Arnold, has published a blog post exploring the challenges associated with smart glasses, from data protection law to "social norms, public expectations, safety by design, and the responsibilities that come with developing, selling and using these products."

Mr Arnold poses a number of questions, including how individuals can understand, avoid or object to data processing if they cannot identify when information is being captured; how unnecessary data collection in physical spaces might be avoided by default; what forms of transparency and control could genuinely work for everyone; and how investment in safeguards can be ensured alongside investment in capabilities.

He notes that smart glasses are not the first or last technology that can be used responsibly or irresponsibly once placed in the hands of the public. He observes that regulation can only go so far. New social norms and expectations will need to emerge, potentially supported by new product standards or laws addressing specific forms of misuse. Technology companies need to innovate not only in product features but also in the systems that support public safety and trust, and that privacy by design must be more than a compliance exercise.

The challenge, he concludes, is how to maintain meaningful transparency, accountability, control and data minimisation as technology becomes "more capable, more personal and less visible."

EU updates

European Data Protection Board publishes statement on smart glasses

The European Data Protection Board (EDPB) has published a statement on the data protection challenges of smart glasses, setting out preliminary reflections on their privacy implications. The statement echoes the UK ICO's concerns

about the capacity of smart glasses to process personal data in ways that may be difficult for data subjects to perceive or control.

EDPB publishes guidelines on GDPR fining methodology

The EDPB has adopted guidelines on the application of the power to impose administrative fines in relation to other corrective powers under the EU General Data Protection Regulation (GDPR). The guidelines aim to harmonise the methodology for determining whether an administrative fine should be imposed in addition to, or instead of, other corrective measures available under article 58(2) of the EU GDPR, such as warnings, reprimands, orders, limitations including bans, and withdrawal of certification.

The EDPB has outlined a five-step methodology for supervisory authorities to determine whether an administrative fine should be imposed for an infringement of the GDPR.

First, a data protection authority (DPA) verifies whether the infringement can lead to a fine, by finding support either directly in the GDPR or in national law. Second, the DPA determines whether the party under investigation may be fined for the infringement in question. Whether the controller or the processor is liable depends on who is bound by the breached provision.

Third, it assesses whether the infringement has been committed intentionally or negligently, since a culpable infringement is a condition for the imposition of a fine, and then, fourth, it assesses possible aggravating and mitigating factors. Where the infringement is minor, a fine will generally not be imposed; where it is not, there is a strong presumption in favour of imposing a fine.

Finally, the DPA assesses whether imposing an administrative fine would be effective, proportionate and dissuasive. In doing so, the DPA may consider whether, in the specific case, there is a reason to deviate from the standard approach.

The guidelines also provide an overview of the corrective powers available to national DPAs, explaining their purpose, scope and how they relate to one another.

The guidelines are open for public consultation until 13 November.

EDPB publishes guidelines on the interplay between digital services and data protection rules

The EDPB has published the final version of its guidelines on the interplay between the Digital Services Act (DSA) and the EU GDPR, following public consultation.

A number of provisions of the DSA specifically refer to the protection of personal data, as well as to definitions and concepts under the GDPR, in the context and for the purpose of implementing the DSA's regulatory objectives. For example, articles 26(3) and 28(2) of the DSA refer to the definition of profiling under article 4(4) of the GDPR when imposing prohibitions on certain types of advertisements by online platforms. The prohibition in article 26(3) of the DSA also relies on the catalogue of special categories of personal data under article 9(1) of the GDPR.

The guidelines aim to clarify how intermediary service providers should interpret and apply the GDPR when processing personal data in contexts covered by the DSA.



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Digital regulation

Digital regulation

Online safety and age assurance

European Commission opens call for feedback on EU KIDS ACT

In September 2026, the European Commission published its legislative proposal for the EU KIDS ACT, which restricts children's access to social media, video-sharing platforms and some other digital services, including online games. The proposal would ban social media and video-sharing platforms for under-13s; introduce "mini" accounts for these services with limited features for 13-15-year-olds with parental supervision; and provide that autonomous accounts can only be opened by 15-year-olds where the platforms are "safe by design", as set out in the legislation. See this Insight for more information.

The Commission has now opened a call for feedback on its proposed regulation, allowing individuals and organisations to submit their views via its website. It will consider all feedback and present summaries to the European Parliament and the Council of the EU to feed into the legislative negotiations. The call, which closes on 3 December 2026, has already received over two and a half thousand responses.

Science and Technology Committee launches inquiry into technology-facilitated abuse

The House of Commons Science and Technology Committee has launched an inquiry examining the role of digital platforms in enabling, detecting and preventing online abuse, including stalking, harassment, coercive control and non-consensual intimate image abuse.

The committee says that while the government has taken steps to address some forms of technology-facilitated abuse through its violence against women and girls' strategy and the Online Safety Act 2023 (OSA), other existing legal and regulatory frameworks do not necessarily remain fit for purpose. The inquiry will focus primarily on digital abuse and online platforms, exploring the effectiveness of regulatory and technical interventions and the evidence needed to better understand emerging forms of digital abuse.

As part of the inquiry, it has opened a call for evidence, which closes on 4 November 2026.

UK Online Safety Act updates

Ofcom publishes amendments to codes of practice on crisis protocols

Ofcom has published a statement setting out new measures to be included in the Illegal Content Codes of Practice and the Protection of Children Codes of Practice for user-to-user and search services in relation to service providers responding appropriately to a crisis event.

The amendments recommend that service providers prepare and apply a crisis protocol to mitigate and manage risks arising from a significant increase in relevant illegal content (such as content associated with terrorism, hate, harassment, stalking, threats and abuse) and/or content harmful to children (such as abusive content, content inciting hatred or violent content) on their services. See this Regulatory Outlook for the background. The amendments come into force on 2 November 2026.

New priority offences brought into force by Crime and Policing Act

The Crime and Policing Act 2026 (CPA), which received royal assent on 29 April 2026, created several new criminal offences relating to the possession and publication of certain pornographic images and designated them as "priority offences" under schedule 7 of the OSA. See this Insight for more information.

The government has now made the secondary legislation necessary to bring these provisions into force in the form of the Crime and Policing Act 2026 (Commencement No. 4) Regulations 2026. The new criminal offences relating to the possession or publication of pornographic images of strangulation or suffocation, sex between relatives, and sexual activity with a child under 16 come into force on 6 November 2026.

The offences will become "priority offences" under the OSA once Ofcom has amended its OSA codes of practice and laid them before Parliament. If no objections to the amendments are raised, Ofcom will publish the amended codes and the new priority offences will come into effect 21 days after that.

Digital regulation



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Employment, contingent workforce and immigration

Employment, contingent workforce and immigration

Employment

Government updates Employment Rights Act implementation plans

The government has published a number of consultation updates and an updated roadmap for implementing the Employment Rights Act, setting out revised timelines that employers will want to check against their existing preparations.

October has already seen the extension of tribunal limitation periods, with the roadmap confirming 30 October 2026 for strengthened trade union rights and harassment protections. The latest roadmap sets out implementation dates for measures including:

- **1 January 2027.** The reduction of the ordinary unfair dismissal qualifying period from two years to six months, the duty to inform workers of their right to join a trade union and strengthened tipping law.
- **March 2027.** Fire-and-rehire reforms.
- **April 2027.** Action plans on gender equality and supporting employees through the menopause, collective redundancy reforms and bereavement leave reforms.
- **September 2027.** Restrictions on the misuse of non-disclosure agreements (NDAs) relating to workplace harassment or discrimination.
- **October 2027.** Enhanced dismissal protections for pregnant employees, new mothers and employees taking specified other forms of family leave, alongside flexible working reforms.

The detailed timetable for guaranteed hours, notice of shifts and payments where shifts are cancelled or changed at short notice remains subject to the consultation process.

For details on the upcoming changes, and to see the latest government's responses to the latest consultations, see our latest Employment Law Coffee Break

Whistleblowing: government consults on wider protections, possible employer duties and financial rewards

The government has launched what it describes as its "most comprehensive assessment" of whistleblowing since the introduction of the Public Interest Disclosure Act 1998. Alongside wider protections for whistleblowers, the consultation considers a new statutory duty requiring employers to maintain effective whistleblowing procedures and follow up on disclosures. It also considers a separate scheme allowing the Serious Fraud Office to pay financial rewards for information leading to enforcement action against a company for fraud, bribery or corruption.

The consultation closes on 8 January 2027, with a government response setting out next steps expected during the course of the year. No implementation date has yet been set. Read more in Osborne Clarke's latest Employment Law Coffee Break

Employment status: government consults on worker protections and rights for the self-employed

The government has launched a consultation on targeted reforms around employment status and additional protections for the genuinely self-employed. The proposals concern employment status for employment law and not the separate test for tax purposes. The government has indicated it will only consider a single status of worker as a longer-term goal. For now, it proposes more limited changes, including placing less weight on personal service in the "limb (b)" worker test and introducing a presumption of worker status in tribunal claims.

The consultation closes on 8 January 2027. Read more in Osborne Clark's latest Employment Law Coffee Break

Contingent workforce

Contingent workforce faces a wave of October reforms

Agencies, umbrella companies and the end-hirers that rely on them face a dense run of legal change this autumn. Since 1 October, right-to-work penalties under the Border Security, Asylum and Immigration Act 2025 now reach up the supply chain to businesses that use contractors, agencies, platforms and subcontractors, not just direct employers. From 30 October, a new duty will require employers not to permit the harassment of their staff by third parties, including agency workers on site. Tribunal time limits for most claims have already doubled, from three months to six, extending how long worker-status and holiday pay disputes can stay live.

Employment, contingent workforce and immigration

Three further developments matter for anyone buying, selling or using contingent labour. The government is expected to consult on closing "bogus self-employment" loopholes, potentially including a legal presumption of worker status in tribunal claims. The Upper Tribunal's decision in *Opus Labour Services Limited v HMRC* is a fresh warning that VAT input tax can be denied even without actual knowledge of fraud in a supply chain. The ongoing *Boox* case will also test when a contractor's service provider becomes a taxable "managed service company", a question with consequences that can reach agencies and their directors.

Read Osborne Clarke's full analysis, including the practical steps for supply chain due diligence, in this Insight.

Employment status: government consults on worker protections and rights for the self-employed

The employment status consultation mentioned above has particular significance for gig worker platforms that use self-employed gig workers to deliver services, including in the food delivery and courier sectors. Read more about the consultation here.

Immigration

Nothing to report this month.



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Environment

Environment

UK

Defra publishes statutory guidance on environmental delivery plans and the overall improvement test

The Department for Environment, Food and Rural Affairs (Defra) published statutory guidance on 17 September 2026 on how Natural England (NE) must deliver conservation measures under environmental delivery plans (EDPs). EDPs let developers pay a levy instead of carrying out their own environmental assessments or project-specific conservation work.

The statutory guidance consists of two publications:

- Guidance on the approach that NE should take to secure conservation measures: Sets out how NE should secure conservation measures under EDPs to pass the overall improvement test (OIT). It encourages broader supplier engagement, compliance with recognised environmental standards and fair and open procurement. If competitive procurement is forgone, clear justification is required. NE is advised to adopt a test-and-learn approach, refining its commercial strategies as experience accumulates.

- Guidance, in a detailed annex, on the OIT to be applied by NE: The OIT is passed if the positive effects of conservation measures outweigh the negative effects of the EDP by its end date. A second limb requires that a favourable balance between conservation benefits and the negative impacts of development be kept up for as long as the negative effects persist.

Alongside the guidance, Natural England opened a consultation on 17 September 2026 on the first draft EDP, addressing nutrient pollution affecting protected sites in Norfolk.

Developers considering using an EDP, or affected by one, should review both publications to understand how Natural England will select and fund conservation measures and the standard it must meet.

Planning Inspectorate finds BNG condition cannot lawfully apply to retrospective development

Recently, the Planning Inspectorate considered whether a biodiversity net gain (BNG) condition could be imposed on a retrospective permission for a dwellinghouse.

Planning permission had been granted for the retention of a replacement dwelling and associated alterations, subject to conditions. A subsequent section 73 application to remove two conditions (including a BNG condition requiring a 10% BNG package with a Defra metric calculation, enhancement details, delivery timetable and long-term monitoring arrangements) was refused.

The transitional regulations bringing the mandatory BNG regime into force expressly excluded developments where permission was sought for works already carried out (regulation 2(2), Environment Act 2021 (Commencement No 8 and Transitional Provisions) Regulations 2024 (SI 2024/44)), a position confirmed by planning practice guidance (paragraph: 003 Reference ID: 74-003-20240214). Therefore, the inspector found the mandatory BNG legislation to be inapplicable to retrospective permissions granted under section 73A of the Town and Country Planning Act 1990.

The inspector also differentiated the BNG condition under Schedule 7A of the 1990 Act, which operates as a pre-commencement requirement designed to apply automatically to qualifying permissions. Since development had already taken place, it could not operate as intended. The council's condition was framed as a post-decision requirement, not being reflective of the statutory wording or mechanism in Schedule 7A. Although the National Planning Policy Framework supports biodiversity enhancement generally, the condition's justification relied solely on Schedule 7A rather than any adopted local plan policy or other basis. The inspector concluded that the BNG condition was unnecessary.

EU

European Commission adopts energy efficiency and sustainability package for data centres

On 21 September 2026, the European Commission published a package of measures to improve the energy efficiency and sustainability of EU data centres, building on the Energy Efficiency Directive ((EU) 2023/1791). The package comprises three elements:

- A Commission Report on data centre energy efficiency (COM(2026)500).

- A call for evidence and public consultation for a future proposal regarding a regulation on common EU minimum performance standards for data centres.

- A Commission Delegated Regulation establishing a common Union rating scheme for data centres.

The Commission notes that the growth in the data centre sector, driven partly by the EU Cloud and AI Development Act, creates challenges for energy availability, grid capacity, carbon emissions and water use.

The call for evidence and public consultation will help the Commission prepare a proposal for a regulation on minimum performance standards, covering energy efficiency, water use, waste-heat reuse, grid services and other sustainability criteria. The consultation closes on 14 December 2026 with a proposal expected in Q2 2027.

The delegated regulation establishing the rating scheme is now subject to a two-month scrutiny period by the European Parliament and Council before entering into force. The first sustainability labels for individual data centres are expected in 2027, with a first review of the scheme by end-2028.

European Parliament formally adopts CO2 emission standards directive for heavy-duty vehicles with trailers

On 7 October 2026, the European Parliament formally adopted at first reading a directive amending Directives 1999/62/EC, 1999/37/EC and (EU) 2019/520 regarding CO2 emission classes for heavy-duty vehicles with trailers (procedure 2023/0134(COD)).

The directive aims to clarify how Eurovignette rules apply to different vehicle categories and emission classes, supporting a smoother transition to a road charging system that is more reflective of vehicle emissions and enabling more harmonised implementation across member states.

The adopted text reflects the informal trialogue agreement of 30 June 2026. The Council is expected to formally adopt the directive without further amendments at an upcoming meeting, after which it will be published in the Official Journal and enter into force 20 days later.

European Commission proposes postponing certain methane emissions obligations for energy sector importers

The European Commission adopted a proposal on 14 October 2026 to amend the EU Methane Regulation, postponing certain obligations on importers of gas, oil and coal. The Commission says the delay responds to disruption and price volatility in energy markets caused by the closure of the Strait of Hormuz. It is intended to ease pressure on EU industry and national administrations while giving importers more time to achieve full compliance.

The Methane Regulation sets rules on measuring, monitoring, reporting, verifying and reducing methane emissions across the EU's energy sector. Under the proposal, two sets of importer obligations would be postponed by one year.

Under Article 28, importers must show that their natural gas, oil and coal are subject to monitoring, reporting and verification measures equivalent to those applying to EU producers. That deadline, along with that of submitting related compliance reports, would move to 31 May 2029 and then recur annually.

Article 29 obligations would also be postponed. Importers and EU producers must first report the methane intensity of their energy products, a deadline that would move to 5 August 2029. The requirement to demonstrate that methane intensity falls below set maximum limits would move to 5 August 2031, with annual reports due by 31 May each year thereafter.

The proposal does not alter the regulation's other requirements or its underlying ambition. It will now proceed under the ordinary legislative procedure, requiring agreement from the European Parliament and the Council before it can take effect.



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Environmental, social and governance

Environmental, social and governance

UK

HMRC publishes UK CBAM default values and illustrative rate methodology

HMRC has published default values for use under the UK Carbon Border Adjustment Mechanism (CBAM), which applies from 1 January 2027 to imports in the aluminium, cement, fertiliser, hydrogen and iron and steel sectors. Businesses can use these default values in their CBAM returns instead of verified actual emissions data, measured in tonnes of carbon dioxide equivalent per tonne of product.

The values are based on EU data, adjusted to a trade-weighted average reflecting the composition of UK imports, and include a 10% markup in all sectors except fertiliser. They will apply from 1 January 2027 to 31 December 2028, after which the UK will move to country-specific figures.

HMRC has also published illustrative CBAM rates and a worked example showing how sector-level rates will be calculated. CBAM has no single headline rate set in legislation. Each sector's figure combines recent carbon pricing data, sector-level emissions information and the extent to which UK producers still receive free allowances under the UK Emissions Trading Scheme.

The illustrative figures are not binding and may change before 1 January 2027, when the first official rates will be published; rates will then be updated quarterly. Importers of CBAM goods should use both publications now to model their likely exposure and refine record-keeping processes ahead of the January 2027 start date.

Immigration and Asylum Bill: amendments proposed to modern slavery supply chain reporting

See modern slavery section.

HMRC publishes guidance on mass balance approach for chemically recycled plastic in Plastic Packaging Tax

See sustainable products section.

EU

European Parliament and Council diverge on EPR representative suspension for packaging and batteries

Producers that sell packaging, batteries, textiles, footwear, electronics or single-use plastics in the EU must currently appoint an authorised representative for extended producer responsibility (EPR) compliance in every member state where they sell. The European Commission proposed suspending this requirement for EU-based cross-border producers entirely until 2035.

Parliament adopted its position on 20 October 2026, limiting the suspension to small EU-based businesses with fewer than 50 employees and either annual turnover or balance sheet total under €10 million. Larger EU companies and all non-EU companies would still need to appoint a representative in each member state. The suspension would end once a wider circular economy law is agreed, and Parliament has separately called for member states to share more information, use compatible digital systems and apply common reporting requirements.

The Council has now agreed its own position, but only on packaging and on different terms to the Parliament. Its mandate, agreed on 21 October 2026, uses a sales-volume test rather than company size. A producer would not need a representative in another member state if it places under one tonne of packaging on that market per year. The mandate can be withdrawn for breaches of other EPR duties, and includes a Commission review by the end of 2030 ahead of a 2032 expiry of the suspension.

Both institutions agree the suspension would only remove the representative requirement, not other EPR duties such as waste-prevention fees. The Parliament and Council must now negotiate a common position on packaging, reconciling the size-based and volume-based approaches, while batteries and the other sectors await a Council position.

EU Directive on Empowering Consumers for the Green Transition becomes applicable

The Empowering Consumers for the Green Transition Directive ((EU) 2024/825) became applicable across EU member states on 27 September 2026, amending the Consumer Rights Directive and the Unfair Commercial Practices Directive (UCPD).

It requires traders to give consumers new sustainability information pre-contract, such as on a product's reparability and durability, and bans or otherwise tackles unfair commercial practices that prevent sustainable consumption choices, including greenwashing. Member states had until 27 March 2026 to transpose the directive into national law.

Among other things, the directive introduces new definitions into the UCPD, including "environmental claim", "generic environmental claim" and "recognised excellent environmental performance", and adds certain practices relating to green claims to the list of banned commercial practices in Annex 1 of the UCPD.

UK or other non-EU traders that pursue or direct their activities to EU-resident consumers may face consumer claims and regulatory action in those EU countries for breach of local implementing laws, regardless of any choice of law or jurisdiction clause.

Simplified ESRS and new voluntary sustainability reporting standard published in Official Journal

The European Commission has adopted the revised European Sustainability Reporting Standards (ESRS) and a new Voluntary Sustainability Reporting Standard (VS), now published in the Official Journal under two delegated acts dated 21 September 2026.

Delegated Regulation (EU) 2026/1563 simplifies the ESRS, including the materiality assessment. It comes into force on 10 November 2026 and applies to financial years beginning on or after 1 January 2027, with optional early application for 2026 reporters.

Delegated Regulation (EU) 2026/1560 establishes the VS for protected undertakings, meaning companies with up to 1,000 employees that sit in a reporting company's value chain. It limits what information in-scope entities can request from these smaller undertakings. For in-scope entities' value chain reporting, it applies to financial years beginning on or after 1 January 2027. For protected undertakings that choose to report voluntarily, it has applied since its entry into force on 24 September 2026.

EFRAG, which develops the underlying technical standards, has published updated non-mandatory guidance on the VS and will add a revised digital reporting template from November 2026.

European Parliament adopts amendments to strengthen EU CBAM and establish Temporary Decarbonisation Fund

The European Parliament's plenary session adopted amendments to two European Commission proposals: a regulation extending the EU Carbon Border Adjustment Mechanism (CBAM) to downstream goods and introducing anti-circumvention measures, and a regulation establishing a Temporary Decarbonisation Fund (TDF), paving the way for negotiations between Parliament, the Council and the Commission (trialogue negotiations).

On the CBAM extension, MEPs agreed with the Commission's proposal to extend the scope beyond basic materials to an extensive list of downstream products. To close loopholes, MEPs lowered the threshold by which small changes to a good would qualify as circumvention and tightened the rule so it targets only arrangements set up purely to avoid the CBAM. They rejected the Commission's proposed safeguard that would have allowed goods to be removed from CBAM's scope during price shocks, proposing instead a mechanism to temporarily redirect CBAM revenues from the goods concerned to the affected sectors. The Council adopted its general approach on 12 June 2026, so informal trialogue can now begin.

On the TDF, MEPs want financial support to run from 2027 to 2029, rather than only from 2028 as proposed by the Commission, and want the fund opened to fertiliser producers and downstream users facing higher carbon-related input costs. The Council has not yet adopted its negotiating position on this proposal.

European Commission launches call for evidence on DiversifyEU supply chain package

The European Commission has launched a call for evidence ahead of a package of measures, known as DiversifyEU, to speed up the diversification of EU supply chains and reduce critical dependencies on dominant non-EU suppliers. The call for evidence closes on 27 October 2026. The Commission plans to adopt the package in the fourth quarter of 2026.

The package is expected to include a new trade diversification instrument, based on the EU's exclusive trade competence. It would sit alongside financial and non-financial support to expand alternative supply capacity and aggregate demand, and strengthened monitoring of critical supply chains. The Commission says these measures are

intended to complement rather than duplicate the Critical Raw Materials Act, the Net-Zero Industry Act and the Tech Sovereignty Package.

Because of the urgency the Commission has identified, it will not carry out a full impact assessment before adopting the package. Businesses affected by critical supply dependencies, particularly in sectors such as defence, cybersecurity, energy and critical infrastructure, should consider responding to the call for evidence.



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Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

FCA research on open finance infrastructure

On 29 September 2026, the Financial Conduct Authority (FCA) published research examining different models of open finance infrastructure and looking at how the UK could build the technical and governance arrangements needed to support the expansion of open banking into more financial products, which requires secure data sharing.

The research considers the practical conditions needed to make financial data sharing usable, trustworthy and scalable, including common technical standards, secure APIs, reliable accreditation and identity arrangements, effective consent and authorisation, operational monitoring, and the ability to suspend or revoke access.

The research examines three infrastructure model "families" (centralised, decentralised or federated, and hybrid) and considers international examples. The research suggests that the central question is not whether the UK's future system should be entirely centralised or decentralised, but which infrastructure functions require coordination and which should remain distributed. The FCA has not yet chosen an infrastructure model.

Digital assets

FCA policy statement on cryptoasset perimeter guidance

On 16 September 2026, the FCA published a policy statement on cryptoasset perimeter guidance (PS26/18), ahead of the new cryptoasset regulatory regime coming into force on 25 October 2027. From this date, anyone wishing to carry on cryptoasset regulated activities by way of business in the UK will need to apply for FCA authorisation, unless exemptions apply.

The policy statement sets out new text which will be included in the FCA Handbook (PERG 18), setting out guidance in a Q&A format on regulated cryptoasset activities. It covers the new specified investments and regulated cryptoasset activities, including which permissions may be needed for certain business models and how certain exclusions operate. It also considers the interaction between the cryptoassets regulatory framework and the Money Laundering Regulations 2017.

The FCA consulted on this guidance in April 2026 (CP26/13). Changes made since the consultation include additional guidance on the application of the "by way of business" test, and further material on the territorial scope of the regime to help determine whether activities are carried on in the UK.

Further amendments to the guidance are expected to account for the latest cryptoassets legislation.



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Food law

Food law

UK

UK and EU set for a second summit in November to finalise food deal

The prime minister, Andy Burnham, will attend the second UK-EU summit in Brussels on 20 November, meeting the European Council president, Antonio Costa, and the European Commission President, Ursula von der Leyen. The summit follows the first UK-EU summit, held in London in May 2025, at which the two sides agreed a new strategic partnership.

Downing Street says the prime minister will use the summit to cut costs and red tape for British farmers and food businesses, including by agreeing a deal to align the UK with EU animal, plant and food health laws. Leaders will also review progress since the first summit and agree practical next steps on security, illegal migration and crime.

The Conservative Party has said it would scrap any deal requiring the UK to dynamically align with EU rules.

FSA consults on authorisation of 16 regulated novel food products

The Food Standards Agency (FSA) has opened a consultation on the proposed authorisation of 16 novel foods for use in food and food supplements in England, Wales and Northern Ireland. The products include various human milk oligosaccharides and other ingredients produced using derivative bacterial strains.

The FSA has completed its risk assessment and is now seeking stakeholder views on its risk management proposals and the terms of authorisation for each product, including labelling. Food Standards Scotland is running a parallel consultation. The consultation closes on 16 November.

Once a UK-EU sanitary and phytosanitary agreement takes effect, Great Britain would align with EU market authorisations, so the EU's approved conditions could apply instead of the corresponding GB ones, and existing GB approvals would cease to apply. Businesses relying on novel food authorisations will be considering how to factor this into their planning.

BSI launches world's first standard for food loss and waste management

The British Standards Institution (BSI) has published BS ISO 20001:2026, which it describes as the world's first management system standard dedicated to food loss and waste management. The standard sets out requirements for preventing and minimising food loss and waste across the food supply chain. It was developed with input from the UK-based Waste and Resources Action Programme, or WRAP, drawing on the environmental campaign group's food waste monitoring and reduction expertise.

The standard provides a voluntary framework to help organisations manage, prevent and minimise food loss and waste systematically, and to support monitoring, reporting and continual improvement. BSI says it is designed for businesses across the food supply chain, from primary producers to retailers and food service organisations, with the aim of helping them build structured food waste management systems and demonstrate progress to customers, regulators and investors.

Adopting the standard is voluntary and does not itself create a legal obligation. Food businesses looking to strengthen their sustainability credentials, or respond to customer and investor pressure on food waste, may find it a useful benchmark against existing practices.

EU

Council of the EU agrees position on food and feed safety simplification package

The Council of the EU has agreed its negotiating position on the remaining part of the EU's "Omnibus X" food and feed safety simplification package. This follows an earlier Council position, agreed in May 2026, covering food contact plastics and drone-based pesticide use. The new mandate covers regulations on maximum residue levels, plant protection products, biocidal products, feed additives, and genetically modified food and feed.

On maximum residue levels, the mandate lowers existing residue limits to technical zero for particularly hazardous pesticide residues in imported food, following an impact assessment. It extends this approach to substances posing unacceptable risks to bees or groundwater, with transitional provisions allowing already-compliant stock to continue being sold in order to avoid food waste.

Food law

On plant protection products, biocontrol substances will get fast-track assessment and low-risk substances will receive unlimited approval. Other substances will have their approval periods extended to 15 years for first approval and 25 years for renewals, with data protection extended to 13 years (15 years for low-risk products). New safeguards will require the European Food Safety Authority to periodically review the scientific literature.

Biocidal product approvals are similarly extended, to 15 years for first approval and 25 years for renewals. Feed additive rules remove the systematic renewal requirement and streamline authorisation changes, while the genetically modified food and feed rules clarify that fermentation products made using genetically modified microorganisms are not "produced from GMOs."

The package has faced opposition over the absence of a full impact assessment. In September, 573 scientists and doctors called on the European Parliament to pause negotiations pending an independent assessment, warning that removing periodic renewals could make it harder to revisit approvals when new evidence emerges. Five independent UN experts subsequently raised concerns about the proposals' implications for health, the environment and the precautionary principle, and sought clarification on whether a full impact assessment would be undertaken.

The Council presidency aims to reach a provisional agreement with the European Parliament on the overall package by the end of the year, with an indicative first-reading plenary date of 23 November. Food and feed businesses, particularly those involved in pesticide, biocide and feed additive approvals, will be looking to monitor the trilogue negotiations, since the extended approval and data protection periods would represent a significant change to current timelines.



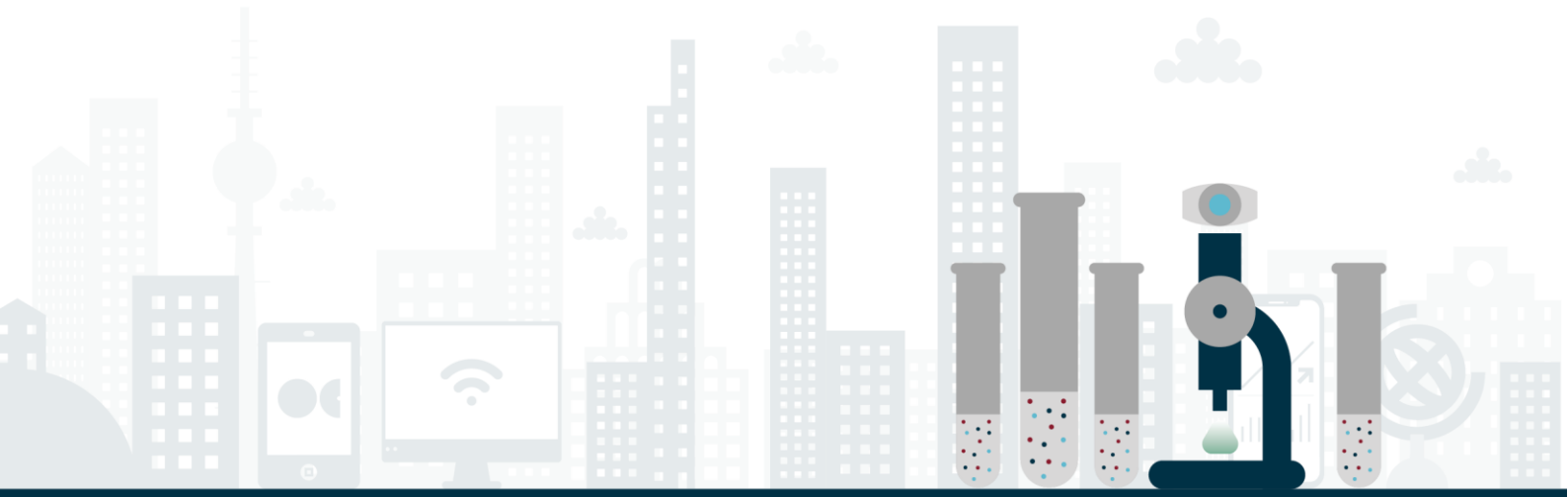
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Health and Safety

Health and Safety

Building Safety (Remediation of Unsafe Cladding etc) Bill introduced to Parliament

The government has introduced the Building Safety (Remediation of Unsafe Cladding etc) Bill, with its guide published by the Ministry of Housing, Communities and Local Government on 14 October. It creates a new legal duty to on responsible entities to assess and fix life-critical external wall fire safety risks.

This applies to anyone responsible for a residential building in England over 11 metres tall, or with five or more storeys, completed before 28 June 2022. Deliberate failure to act is a criminal offence, carrying up to two years in prison or a civil penalty of up to £500,000, and liability extends beyond the formal duty-holder, reaching individual directors and parent or controlling companies.

Where enforcement does not resolve the issues identified, the local authority can apply to the First-tier Tribunal as part of a new "remediation backstop", which would allow the local authority to obtain a remediation management order to carry out the works the duty-holder has failed to complete.

The bill also lowers the bar for claims against construction product manufacturers under section 149 of the Building Safety Act 2022. A claimant need only show that a product made more than a trivial contribution to a building being unsafe. The bill further creates a new register for "medium-rise" buildings of 11 to 18 metres, requiring duty-holders to register the building, provide key information and pay a charge. It also gives regulators new powers to compel disclosure of beneficial ownership behind opaque building structures, requiring duty-holders to identify beneficial owners and associated persons behind building-owning companies so the ultimate owner or controller can be identified.

The bill had its first reading in the House of Commons on 14 October, and the second reading took place on 27 October. Most measures take effect two months after Royal Assent. Businesses that own, manage or supply products into residential buildings should review their exposure under the new duty and the wider enforcement powers.

HSE launches campaign on workplace noise and vibration risks

The Health and Safety Executive (HSE) has launched a campaign urging employers to assess workplace noise and vibration risks, reduce exposure and protect workers from preventable ill health. The campaign aligns with HSE's wider objective of reducing work-related ill health, set out in its 2022 to 2032 strategy titled "Protecting people and places".

It also complements HSE's prevention programme to reduce vibration-related ill health, including its hand-arm vibration syndrome (HAVS) risk reduction pledge. Prolonged or excessive noise exposure can cause permanent hearing loss and tinnitus. Hand-arm vibration can lead to HAVS and carpal tunnel syndrome, causing numbness, tingling, pain and reduced grip strength that can last a lifetime.

These hazards are common across sectors including construction, manufacturing, agriculture, utilities, waste management, engineering, maintenance, and entertainment and events, often arising from everyday tools, machinery and equipment. Employers already have legal duties to assess and manage these risks under the Control of Noise at Work Regulations 2005 and the Control of Vibration at Work Regulations 2005.

The campaign promotes a three-step approach: assess who is exposed and carry out suitable risk assessments; control exposure at source through quieter equipment and safer working methods; and, where risks remain, employers should protect workers through hearing protection, health surveillance and training.

Businesses with workers exposed to noise or vibration, particularly in maintenance, engineering or operational roles, will want to review whether their risk assessments and controls remain adequate. They may also wish to consider signing the pledge.



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Modern slavery

Modern slavery

Immigration and Asylum Bill: amendments proposed to modern slavery supply chain reporting

Since the Immigration and Asylum Bill's introduction into the House of Commons, a number of amendments have been tabled as it goes through committee stage.

Following criticism of the bill's existing modern slavery reporting reforms, backbench MP Liam Byrne has proposed a new clause which would replace the current voluntary transparency regime with a mandatory duty to prevent slavery and human trafficking across an organisation's own operations, franchisees, subsidiaries and supply or value chain. A breach would be a criminal offence, carrying an unlimited fine for the organisation and up to ten years' imprisonment for a director who consented to or connived in it. Affected victims would also gain a new civil right of action. A designated enforcement authority could separately issue public censure notices, compensation orders, monetary penalties of up to 5% of global turnover, and exclude organisations from public procurement.

A related new clause would let the secretary of state designate categories of goods presumed to involve forced labour. Any organisation trading in the UK would then have to disclose, as part of its annual slavery and human trafficking statement, whether it makes available, imports or exports any designated goods. The designation would carry a right of appeal.

Neither proposal is government policy, and both are among more than 200 amendments now before the Public Bill Committee. The clauses containing the bill's existing modern slavery provisions are due to be debated and there should be a clearer sense of whether either change survives committee scrutiny within the next week. Businesses that currently rely on the voluntary section 54 reporting regime should treat these amendments as an early signal of where parliamentary pressure is heading, and watch for developments as the bill progresses.



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Products

Products

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

UK

Law Commission launches consultation on product liability reform

The Law Commission has proposed a wide-ranging overhaul of the UK's strict product liability regime under the Consumer Protection Act 1987. Much of the proposed reform closely mirrors the EU's new Product Liability Directive, which must be implemented by member states by 9 December.

The Law Commission's proposal would align the UK regime with the EU's extended definition of "product", bringing software and artificial intelligence (AI) into scope. It would also align with the EU on a presumption of defect with risk-sharing for claimants facing exceptional evidential difficulty, and on extending the long-stop period to 25 years for latent personal injury claims.

While the EU directive does not expressly treat the design of social media and similar platforms as a product in its own right, the Law Commission's proposal would. Algorithms, infinite scroll, autoplay and personalised notifications would all fall within strict liability under the UK proposal, an approach the Commission draws explicitly from US litigation over social media design.

The EU directive also covers "related services" that a product depends on to function, such as a smart fridge's temperature-control service, treating providers of those services as potentially liable component manufacturers. The Law Commission does not adopt this concept, so these services stay out of scope under its proposal.

If the Law Commission's proposals go ahead as drafted, meeting the EU's new requirements would not automatically satisfy the UK position, or vice versa. Businesses involved in producing or distributing products in the UK should review the proposals and consider responding before the consultation closes on 14 January 2027.

Private member's bill would introduce mandatory safety standards for e-scooters sold in Great Britain

A new bill in the House of Lords would require e-scooters sold in Great Britain to meet mandatory safety standards before they can be sold. It would require the secretary of state to set requirements covering maximum speed, power output, braking systems, lighting and construction. Manufacturing, importing, selling or supplying an e-scooter that falls short of those requirements would be an offence.

The bill would also ban the sale of kits or other equipment designed to modify a compliant e-scooter so it falls out of compliance and make it an offence to market an e-scooter in a way that could lead a buyer to think it can lawfully be used somewhere that its use is in fact unlawful. Compliant e-scooters could still be sold for use on private land with the landowner's permission. Trading standards officers and the police would gain powers to seize non-compliant machines, with penalties on conviction capped at level three on the standard scale, currently £1,000.

The bill's progress is worth watching for retailers, importers and manufacturers supplying e-scooters to the UK market. If it progresses into law, it would come into force six months after Royal Assent, with the detailed technical requirements left to regulations rather than the bill itself.

EU

European Parliament adopts chemicals omnibus changes

The European Parliament has adopted changes to cosmetics, chemicals labelling and fertiliser rules under the EU's "Omnibus VI" simplification package. The text, informally agreed with Council of the EU negotiators, still requires formal Council endorsement.

The changes would introduce transition periods for cosmetics containing prohibited carcinogenic, mutagenic or reprotoxic substances, shorter than those proposed by the Commission. Revised chemicals rules would allow greater use of digital labelling and ease advertising requirements, while retaining minimum label legibility standards. Fertiliser rules would simplify REACH (registration, evaluation, authorisation and restriction of chemicals) regulation requirements, while retaining an obligation for substances classified as particularly harmful.

Following Council endorsement, the legislation would enter into force 20 days after publication in the EU Official Journal. Most cosmetics provisions would apply from that date, with revised labelling rules generally applying after 18 months. Affected businesses should review product phase-out and labelling plans against the final requirements and transition periods.

European Commission proposes faster route to harmonised standards, with free public access

The European Commission has proposed replacing the Standardisation Regulation that has governed how EU harmonised standards are developed since 2012. Businesses rely on these standards to show their products comply with EU law, from construction materials to batteries and cybersecurity products, and speed is the headline figure in the Commission's proposal. It estimates the changes would cut the average time to develop a new standard from six years to four.

The proposal sets clearer deadlines for standards the Commission requests and allows interim deliverables, so products can reach the market before a full standard is finished. It also lets other standards bodies help with urgent or specialised technical work, and allows the Commission to rely more on external technical specifications where no harmonised standard yet exists.

Many businesses currently pay to access the harmonised standards they rely on for compliance. Following recent rulings from the Court of Justice of the EU, the proposal would write free public access into law, through dedicated repositories for standards developed to support EU legislation.

The proposal must still be agreed by the European Parliament and the Council of the EU in identical form before it takes effect and anyone relying on EU harmonised standards for compliance should watch this proposal as it moves through the legislative process.

Life sciences and healthcare

UK

MHRA publishes 2030 Strategy for AI-enabled, patient-centred medicines regulation

The Medicines and Healthcare products Regulatory Agency (MHRA) has published its 2030 Strategy, setting out commitments across operational performance, patient involvement, enforcement, innovation and international collaboration. Two of these commitments will matter most to sponsors bringing products through UK regulatory approval: faster timelines, and new AI-specific regulation.

The MHRA will introduce a new higher-value scientific advice service that cuts the standard response time from 90 to 45 days. It will also halve the initial assessment target for qualifying phase 1 clinical trials to 14 days, and aims to make faster decisions on generic and biosimilar products.

On AI, the MHRA will develop an AI-enabled clinical trial protocol checker, publish an AI medicines development action plan in 2027, and create a new regulatory framework for AI as a medical device. It will also establish a dedicated Centre for AI and Digital Health to clarify regulatory expectations for developers of digital and AI-driven products.

The strategy also commits to expanding reliance and recognition routes with trusted regulators. This includes closer collaboration with the US FDA, continued recognition of CE-marked devices, and chairing the Access Consortium of Australia, Canada, Singapore, Switzerland and the UK. Sponsors with products already moving through other national approval routes should watch for faster UK recognition of that existing approval.

Other commitments include a shift toward non-animal testing methods such as organoids, a voucher scheme to reduce regulatory barriers for start-ups, and a more flexible framework for rare disease therapies.

Patient Safety Commissioner sets out priorities for second term

The Patient Safety Commissioner for England has published her strategy for 2026 to 2028, covering the second term of a role created to give patients an independent voice in safety matters across the healthcare system. Two commitments affect life sciences and medical device businesses directly.

The strategy commits to improving monitoring of medical devices so that emerging risks are identified earlier, alongside stronger national standards and governance for remote prescribing and clearer digital medicines information. It also commits to increasing transparency of payments made by medical device manufacturers to the healthcare sector. On AI, the commissioner intends to shape how AI is regulated in healthcare, with patient involvement built in from the start rather than added once systems are already in use.

None of these commitments are binding, but businesses in these sectors should expect the commissioner to press regulators and government on each point over the next two years.

MHRA opens call for evidence on AI in medicines development and safety

The Medicines and Healthcare products Regulatory Agency (MHRA) and the Regulatory Innovation Office have opened a call for evidence on AI in medicines development and safety. It asks how organisations are applying AI, or plan to, in this area. Life sciences and biotechnology businesses working on AI tools for toxicology, preclinical research or clinical testing have reason to respond, since this call will shape how those tools are regulated.

The MHRA wants to understand current and planned use of AI-based approaches, along with the barriers organisations face around model development, validation, data access and data sharing. Businesses do not need to be using AI for medicines safety today to respond, since the call also covers future plans and gaps that AI could fill.

The responses will feed into the "Beyond ADMET: AI for Medicines Safety" regulatory sandbox, announced in June. The sandbox will let developers test and refine AI tools for assessing how medicines are absorbed, distributed, broken down and excreted in the body, and their toxicity. The call for evidence closes on 22 December.

Government accepts all 44 recommendations of National AI in Healthcare Commission

The government has accepted in full all 44 recommendations of the National Commission into the Regulation of AI in Healthcare, published in September, and has set out how they will be delivered. The reforms move away from one-off approval of AI-enabled medical devices towards monitoring their performance throughout their working life.

The MHRA will issue draft guidance by December on managing changes to AI-enabled devices as they evolve. A consultation on how to qualify and classify these devices will follow next year. The government also plans to explore staged authorisation pathways that would let promising AI tools be used in the NHS earlier, under close supervision, while further evidence is gathered. A full implementation roadmap covering all 44 recommendations is due by spring 2027.

Alongside the government's response, the MHRA has opened applications for the third phase of AI Airlock, its regulatory sandbox for AI-enabled medical devices. This phase focuses on post-market surveillance and lifecycle monitoring, the principle at the centre of the wider reforms. The first wave of participants will be selected in November 2026.

Manufacturers of AI-enabled medical devices can expect future approval to depend on ongoing performance monitoring after a product reaches market, not just a one-time assessment. AI Airlock also offers a route to earlier, supervised NHS access for products still gathering evidence.

Government confirms indefinite recognition of CE marked medical devices

Following a targeted consultation that closed in April, the government has confirmed that CE marked medical devices and in vitro diagnostic devices can continue to be placed on the Great British market. No separate UK approval is needed, and the recognition is indefinite rather than time-limited. More than 90% of medical devices currently registered in Great Britain carry a CE mark, so this avoids manufacturers needing to seek duplicate approval for products already approved for the EU market.

CE marking therefore remains an indefinite parallel route to market alongside UK Conformity Assessed) (UKCA) marking, which stays in place as the UK's own approval route. The requirements devices must meet to carry a UKCA mark are being updated through a forthcoming pre-market statutory instrument. Separately, the government intends to use primary legislation to create powers for a future medical device licensing regime. This is aimed at technologies such as software and AI-enabled devices that the current framework is less well suited to.

Manufacturers and distributors placing CE marked devices on the Great British market do not need to apply for UKCA marking or any other UK-specific approval for those products. They can rely on this position when planning future market access.

Products

EU

Council adopts EU pharma package reforming data protection and market exclusivity rules

The Council of the EU has adopted the "pharma package", a far-reaching reform of EU pharmaceutical legislation intended to improve patients' access to medicines, cut regulatory burdens and strengthen security of supply.

New medicines will receive an eight-year data protection period plus one year of market protection, extendable by one further year for innovative medicines meeting specified clinical trial criteria, or by a second year for unmet medical need; total combined protection is capped at eleven years (twelve with a transferable exclusivity voucher). Orphan medicinal products will receive nine years of exclusivity, rising to eleven for "breakthrough" treatments for previously unauthorised conditions.

Member states will gain power to require sufficient supply of protected medicines to meet patient needs, with safeguards against parallel trade, and the "Bolar exemption" is extended to let generic manufacturers prepare for market entry, including tender applications, before IP rights expire. A new transferable exclusivity voucher will reward development of priority antibiotics, subject to a "blockbuster clause" barring use on products with annual sales above €490 million.

The regulation and directive must still be adopted by the European Parliament before entering into force.

EU clinical trial applications advice pilot made permanent from January 2027

The Accelerating Clinical Trials in the EU (ACT EU) advice pilot will become a permanent initiative from January 2027. It gives sponsors technical and regulatory support before they submit a clinical trial application through the Clinical Trials Information System. The advice procedure is coordinated by the Heads of Medicines Agencies through its Clinical Trials Coordination Group (CTCG).

Before the pilot launched in 2024, sponsors could only get this kind of support at national level, from the single member state evaluating their application. The pilot provides consolidated feedback from all member states concerned on specific pre-submission topics, before a sponsor commits to a formal submission.

ACT EU will keep managing applications already submitted under the pilot until the end of the year. A final report on lessons learned from around 30 pilot applications is due before then. Updated guidance and templates for sponsors will follow on the CTCG website in January 2027.

Sustainable products

UK

Environment Agency relaxes 2026 packaging recycling obligations for plastic, steel and wood

The Environment Agency has published Regulatory Position Statement (RPS) 383. Under it, the agency will not normally take enforcement action against large producers and compliance schemes that meet reduced recycling obligations for the current compliance year. The reduced thresholds are 83% of the statutory obligation for plastic, 92% for steel and 90% for wood. Producers must still meet their full statutory obligation for every other packaging material.

The RPS does not change the underlying legal requirements to register as a large producer, report packaging data, or comply with recycling obligations under the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024. Producers relying on it must keep records for five years, and non-compliance with the statutory recycling obligations will still be recorded on their Certificate of Compliance, even where they meet the RPS conditions.

The Environment Agency has confirmed it will withdraw RPS 383 on 31 January 2027, though withdrawal or amendment may come earlier. Producers that cannot meet even the reduced thresholds are advised to inform the Environment Agency immediately.

HMRC publishes guidance on mass balance approach for chemically recycled plastic in Plastic Packaging Tax

HMRC has published guidance, and a technical consultation on draft regulations on using a mass balance approach to account for chemically recycled plastic in Plastic Packaging Tax (PPT) returns, alongside separate guidance on the minimum certification requirements for using that approach.

Products

From 1 April 2027, businesses that manufacture packaging components in the UK using chemically recycled plastic, or import finished components made this way, will need to use a mass balance approach for that content to count for PPT purposes. Otherwise, it will be treated as virgin plastic. The approach is only available where the recycling process changes the chemical structure of the plastic waste. Every business in the supply chain must hold certification from a scheme meeting HMRC's minimum requirements, supported by attribution declarations and records kept for six years. HMRC says it will publish more detailed guidance, including on penalties, in early 2027.

The draft Plastic Packaging Tax (Chemical Recycling Certification Schemes) Regulations 2027, now out for technical consultation, set out the conditions businesses must meet to use a mass balance approach, covering attribution methodology, certification, auditing, monitoring and record keeping, alongside a draft reference document setting out the methodology for applying dual-use factors to output products.

PPT came into force on 1 April 2022. It applies to plastic packaging components manufactured in or imported into the UK that contain less than 30% recycled plastic by weight, at a rate of £200 per tonne. Manufacturers and importers that meet the relevant threshold must register with HMRC and pay the tax. Other businesses in the supply chain must carry out due diligence to avoid being held jointly and severally liable for unpaid PPT.

Defra publishes guidance on issuing PRNs and PERNs under packaging EPR

Defra has published guidance on issuing packaging waste recycling notes (PRNs) and packaging waste export recycling notes (PERNs) under extended producer responsibility (EPR) for packaging. Large producers must obtain these notes to meet their recycling obligations, based on the tonnage of packaging they place on the UK market.

PRNs may only be issued by accredited reprocessors, and PERNs by accredited exporters, for eligible UK-derived packaging waste within the scope of their accreditation. Exporters may only issue a PERN once the waste has been received at an accredited overseas reprocessing site and the required supporting documentation is available.

The guidance also covers eligible and ineligible waste categories, issuance deadlines, use of the digital issuance service, record-keeping requirements, and permitted uses of the revenue they generate. If a note is issued incorrectly and accepted by the producer or compliance scheme, the issuer must get their agreement to cancel it and then apply to the relevant regulator. Reprocessors and exporters that fail to cooperate with correcting incorrect notes risk having their accreditation suspended or cancelled.

EU

European Commission consults on draft rules for battery passport access rights

The European Commission has published a draft implementing regulation setting out who can access information on repairing, remanufacturing, repurposing and recycling batteries, held within the digital battery passport. It is seeking feedback until 16 November. From February 2027, large batteries, including electric vehicle batteries and industrial batteries over 2 kWh, must carry a battery passport accessible via QR code, covering performance, sustainability and compliance information. Some of that information is intended to be public, while this category is restricted to those with a legitimate interest.

The draft regulation identifies repairers, remanufacturers, repurposers, recyclers, waste management operators carrying out treatment, and vocational training centres as having a legitimate interest. This covers information needed to assess a battery's condition and decide how to repair, reuse or recycle it. Purchasers of a battery, and third parties acting on their behalf, would also have access to information relevant to resale and sourcing replacement parts.

Businesses granted this access could generally download and use the information only for these specified purposes, and would not be permitted to share or publish it more widely. Limited exceptions are proposed for emergency services, poison centres, customs authorities and market surveillance authorities. Businesses operating in the battery supply chain, including repairers, recyclers and vehicle manufacturers, will be looking to review the draft rules and consider responding before the consultation closes.

European Parliament and Council diverge on EPR representative suspension for packaging and batteries

See ESG section.

Products



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Regulated procurement

Regulated procurement

Government applies national security exemption to critical steel, shipbuilding, AI and energy sectors

The national security exemption allows contracting authorities to procure contracts wholly outside the Procurement Act 2023 if they consider it to be in the national interest to do so. In procurement policy note PPN025, the government confirmed that contracting authorities would be guided to apply this exemption in four sectors deemed critical to the UK's economic security: steel, shipbuilding, AI and energy.

The government has now confirmed that a new £6 billion plan to build three new floating docks for the Royal Navy's submarine service at HM Naval Base Clyde in Scotland, known as "Programme Euston", will be delivered through a UK-only competition under the national security exemption. The new docks will support maintenance for the UK's current and future fleet of nuclear submarines.

Alongside this, the government has committed to funding a new marine research vessel, to be built in a British shipyard and operational in the early 2030s. Both projects are described as part of a wider focus on how government spending can support British jobs and growth, while strengthening national security.

How the government defines a "UK-only competition" remains to be seen. It is currently unclear, for example, whether the UK subsidiary of a non-UK organisation would fall within this definition, or whether the Government would seek to go further and exclude suppliers with foreign-ownership.

These procurements, while not conclusive of how future exempt contracts would be procured, could give an indication as to the direction of travel. Suppliers to the four critical sectors caught by PPN025 will be watching closely.

Funding deadline and contractor familiarity not enough to justify direct award, court rules

The High Court has dismissed Cornwall Council's challenge to a government decision clawing back over £2.1 million in European Regional Development Fund grant money. Most of that sum related to a direct award, made without any competition, to build a bridge over the A30. The council argued it had genuine technical reasons not to run a competitive procurement, including an approaching funding deadline and the contractor's work on an adjacent road scheme. The court rejected this reasoning on the basis that convenience, time pressure and familiarity with an existing contractor are not enough to justify bypassing competition. Instead there must be no other supplier that could perform the contract.

The remainder of the clawback concerned a separate contract. The council's tender for project management services required bidders to name at least one Cornish sub-consultant. The court found that this requirement unlawfully favoured bidders with existing local contacts over outside competitors, regardless of the council's wish to support the local economy.

The ruling underlines that convenience and funding pressure are not legal justifications for a direct award, and that local-preference award criteria can amount to unlawful discrimination against non-local suppliers.

High Court refuses to strike out set-aside claim over defective contract award notice

Publishing a contract award notice does not always protect a direct award from challenge. A recent High Court ruling shows that if the notice fails to accurately explain the justification for the award, a court can treat it as if it was never published at all.

In *Apasen Limited v London Borough of Tower Hamlets*, the council abandoned a competitive tender for domiciliary care services. It instead awarded interim contracts directly to several providers, citing "extreme and unavoidable urgency" under the Procurement Act 2023. It later withdrew two of those awards from Apasen and gave them to other providers instead. Apasen sought to have those contracts set aside.

The council tried to strike out that claim, arguing that publishing a contract award notice and observing a standstill period ruled out a set-aside remedy under section 105 of the Procurement Act. The court disagreed. It held it was arguable that a notice asserting urgency which was not factually justified should count as unpublished. It also held the urgency justification must appear in the award notice itself, not only in an earlier transparency notice, as happened here.

The ruling is preliminary and does not decide whether Tower Hamlets' awards were in fact unlawful. It nonetheless signals that contracting authorities relying on urgency to justify a direct award would do well to set out that justification fully and accurately in the award notice itself. A notice that omits or understates the urgency ground may not protect the

contract from a later challenge, even where a standstill period was observed. Suppliers who lose out on a direct award may find that any gap in the notice's reasoning may support a set-aside claim.



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Sanctions and Export Control

Sanctions and Export Control

HM Treasury calls for annual frozen asset reports by end of November

As part of its annual review, HM Treasury requires that all persons holding or controlling funds or economic resources belonging to, owned, held or controlled by a designated person or entity report details of those frozen assets to the Office of Financial Sanctions Implementation (OFSI) by 30 November.

The obligation applies to anyone possessing this information, or who has previously reported frozen assets, and the relevant form needs to be submitted to the OFSI by the end-of-month deadline.

OFSI issues new general licences and clarifies delisting rules

The Office of Financial Sanctions Implementation has issued two new general licences, amended another, and added to its frequently asked questions (FAQs) list.

General Licence INT/2026/10050568, permits designated persons, or those acting on their behalf, to make payments to a UK bank account held by a landlord, managing agent or person acting on their behalf, covering ground rent, service charges and certain late payment fees relating to an eligible lease of a relevant property in England or Wales. The licence took effect from 12 October and expires on 11 October 2027.

General Licence INT/2026/11080040 permits the wind-down from transactions involving Zarubezhneft JSC or its subsidiaries, together with activities reasonably necessary to complete that process. The licence took effect from 8 October and expires on 21 November.

FAQ 205 confirms what happens to specific licences when a designated person is delisted. The FAQs also explains how OFSI will treat pending licence applications, and what happens if a person or entity is subsequently re-listed.

OFSI has also amended General Licence INT/2025/5635700, which permits the continuation of business operations with Gazpromneft-Sakhalin LLC and its subsidiaries, to the extent they relate to exempt projects. The Sakhalin-2 exemption has been extended and now expires on 31 December this year.

Export Control Joint Unit suspends control list classification advisory service

The Export Control Joint Unit (ECJU) and the Office of Trade Sanctions Implementation (OTSI) have published notice to exporters 2026/22, which announced the temporary suspension of the control list classification (CLC) service from 12 October, so that ECJU resources could be redirected to processing export licence applications with minimal delay.

The CLC service was introduced to help businesses assess their goods, software and technology against the relevant UK control lists.

ECJU is continuing to process CLC requests received before 12 October, though responses may take longer than usual. New CLC requests submitted during the pause will not be processed. Exporters affected should instead consider, in the meantime, self-assessing classification or seeking independent advice.



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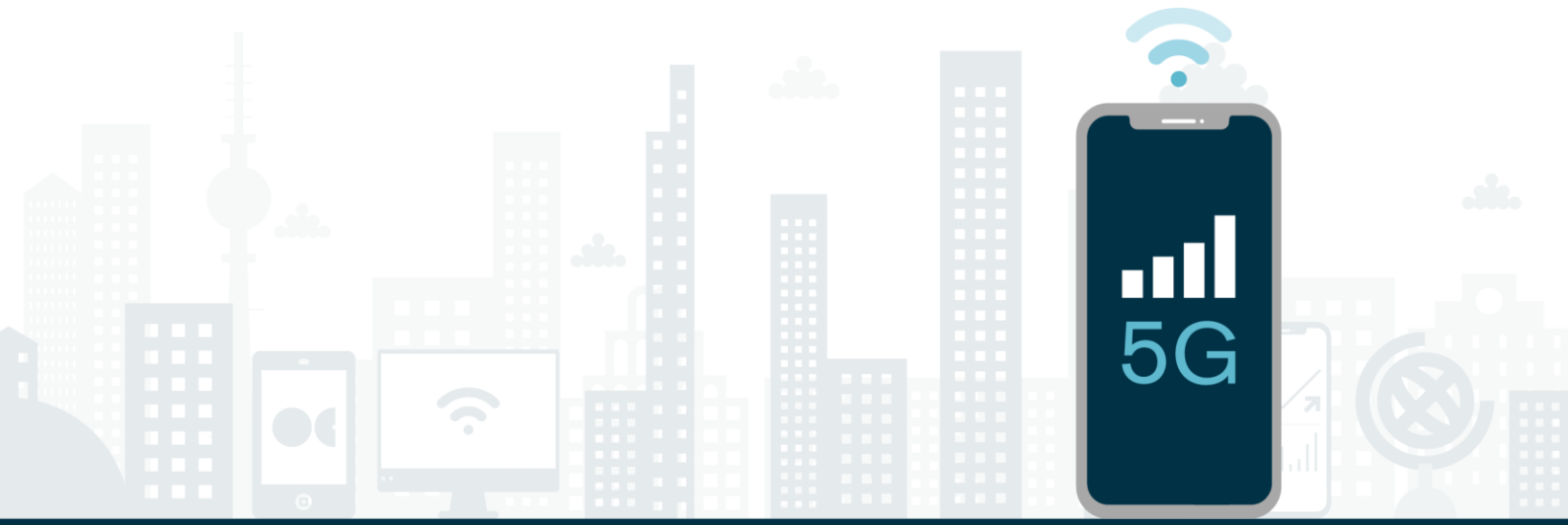
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Telecoms

Telecoms

Draft subscription contracts guidance: considerations for telecoms providers offering bundled services

The UK government has published draft guidance for the draft Consumer Subscription Contracts (Cancellation and Information) Regulations 2026 (SCRs). The SCRs, together with the Digital Markets, Competition and Consumers Act 2024 (DMCCA), regulate business-to-consumer subscription contracts, setting out traders' duties when they offer such contracts and consumers' rights when they enter them. Among other topics, the guidance addresses how the subscription rules interact with bundled service offerings, an issue of particular relevance to providers who supply telecommunications services together with other subscription-based services (for example, TV and streaming).

The telecommunications exclusion

The DMCCA provides that a contract for the supply of goods, services or digital content by a person who is bound, in relation to that supply, by a general condition set by Ofcom under section 45 of the Communications Act 2003 is an excluded contract and not subject to the subscription rules.

How the guidance treats bundles

The guidance addresses the scenario where one product in a bundle is within the scope of the subscription rules and another is excluded, for example, where a gym membership, streaming service or visitor-attraction membership is bundled with a bank account or mobile phone contract.

The guidance states that, as a starting point, traders should consider whether the products forming part of a bundle are supplied under a single contract or separate contracts. Where products are supplied under separate contracts, each contract should be considered separately against the DMCCA's definition of a subscription contract. Where they are supplied under a single contract, the inclusion of an excluded product does not mean that the whole contract is excluded. The contract will be "excluded from the subscription rules only if, **and to the extent that"**, it falls within one of the excluded categories of service under the DMCCA (for example, Ofcom-regulated contracts).

Dual regulatory compliance

The guidance specifically addresses bundles that include TV streaming regulated under the subscription rules alongside broadband regulated under the Ofcom bundle rules, stating that traders will need to *"*consider the specific facts, circumstances and contractual arrangements in place and meet the requirements of each applicable regime*"*.

Why it matters

Where a communications provider offers a bundle containing an element excluded from the DMCCA subscription rules (such as broadband) alongside a non-excluded element (such as a TV streaming or pay-TV service), it will be necessary to consider how to comply with both the subscription rules and the Ofcom General Conditions. This will potentially be a complex exercise, when taking into account the application of Ofcom rules to bundles and multiple linked contracts.

The subscription rules apply to subscription contracts entered into on or after 1 January 2027.



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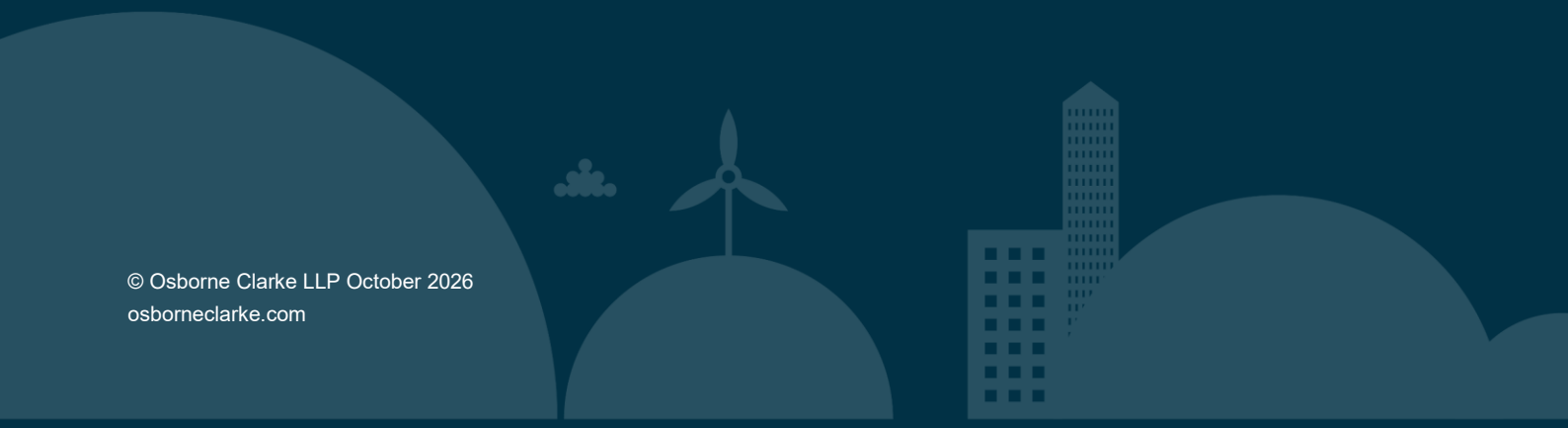


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