

Corporate Governance Update

Summer 2026



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This UK corporate governance update covers the period from April 2026 to July 2026.

Starmer to Burnham – continuity or change?

As we reach the mid-point of the year, and what would be the mid-point of Keir Starmer's term as Prime Minister, change is afoot and a new Prime Minister, Andy Burnham, is on the horizon. It does seem likely that some projects needing parliamentary time or political attention may be delayed until the Burnham premiership starts in earnest and establishes its programme for governing, for example, the long awaited consultation on corporate reporting (see our [Spring 2026 Update](#)). With a summer parliamentary recess imminent, and then a short "term" before the party conference season at the end of September, we may be waiting for a few more months.

In the meantime, this briefing covers a number of updates as set out below:

1. **The Economic Crime and Corporate Transparency Act 2023 (ECCTA) progress report**

On 11 June 2026, the Department for Business and Trade (DBT) [published](#) its third progress report on the implementation and operation of Parts 1 to 3 of ECCTA. The report notes the introduction of mandatory identity verification (IDV) on 18 November 2025, and that this resulted in a spike in individuals and companies reviewing and updating their details at Companies House. Over the reporting period, Companies House also took steps to remove misleading information from the register of companies and use powers under ECCTA to tackle IDV non-compliance.

Subject to parliamentary time, DBT and Companies House expect to focus on the following priorities over the coming reporting period: putting in place legislation to start limited partnership (LP) reform measures (requirement to provide more information on partners, LPs to file annual confirmation statements, amongst others); completing the IDV transition period and tackling IDV non-compliance; and working with other government bodies to respond to fraudulent company registrations and corporate abuse.

2. **ECCTA-related changes to accounts filings**

On 9 June 2026, DBT [confirmed](#) that Companies House would be bringing in changes so that, from April 2028, all UK registered companies will be required to file their accounts in iXBRL format by using commercial software. This applies to

companies who file their own accounts and those who use third party agents or accountants to file their annual accounts.

In addition, a number of accounts-related changes will also come into force on the same date:

- **Profit and loss accounts** - small companies and micro entities will be required to file profit and loss accounts, but with the option to opt out of publishing this information on the public register
- **Abridged accounts** - the option for companies to file abridged accounts will be removed
- **Audit exemptions** - a strengthened eligibility statement for all companies claiming an audit exemption will be introduced
- **Filing accounts** - component parts of the filed accounts and reports to all be filed together
- **Shortening the accounting reference period** - the number of times this can be done will be reduced.

3. Commercial Payments Bill

On 19 May 2026, the [Commercial Payments Bill](#) was introduced in the House of Lords. Key measures include:

- **Maximum payment terms** – limiting payment terms in commercial contracts to a maximum of 60 days, subject to limited exceptions. These include contracts where both parties are large businesses, or the purchaser is the smaller party
- **Mandatory statutory interest** – introducing a mandatory statutory interest rate of 8% above the Bank of England base rate on debts in commercial contracts. Provisions also prohibit contractual terms that exclude or vary the right to statutory interest for late payments
- **Disputed invoices** – implying a term into commercial contracts that a supplier can recover a fixed sum from a purchaser where a dispute is raised late (generally less than eight days before the payment due date) or without sufficient information
- **Strengthened powers for the Small Business Commissioner (SBC)** – the SBC will have a range of new powers, including the ability to adjudicate

payment disputes outside the court process and to investigate a large company's payment practices. Where a company is found to have persistently engaged in poor payment practices, the SBC may impose financial penalties and make directions, which could include requiring the company to publish information about the investigation on its website or in the annual report. Financial penalties may also be imposed for breaches of the requirement for large businesses to publicly report twice a year on their supplier payment practices. The maximum penalty to be imposed on a business is 1% of its annual turnover in the UK.

Late payments legislation has been expected for some time (see our [Spring 2026 Update](#)) and has broad cross party support so we do not expect the Bill's passage through Parliament to be difficult, however, we note that much of the detail will be in secondary legislation which has not yet been published.

4. **Proposed changes to the modern slavery reporting regime**

On 30 June 2026, the [Immigration and Asylum Bill](#) (IAB) which includes proposals to strengthen the modern slavery reporting regime was introduced to Parliament. Currently section 54 of the Modern Slavery Act 2015 (MSA) requires commercial organisations with an annual turnover of £36 million or more to prepare and publish an annual slavery and human trafficking statement. Key proposals include:

- **Prescribed content for modern slavery statements** (section 44 and Sch 5 of the IAB) – content referred to in the MSA will, by virtue of these provisions, become prescribed content in modern slavery statements. This includes information on policies in place in relation to slavery and human trafficking, and details of the due diligence processes the company has implemented to identify human trafficking and slavery in its operations and supply chains
- **Public authorities** (section 46) – the requirement to publish a modern slavery statement, will be extended to public authorities where their total budget exceeds a pre-determined amount to be set out in secondary legislation
- **Statements to be certified and approved** (section 45) – as well as being signed, the IAB would introduce a requirement for modern slavery requirements to be certified by the relevant company (or by its parent in the case of a subsidiary). In certifying the statement, the signatory would be making a declaration that the statement's contents are accurate to the best of their knowledge and belief

- **Requirement to submit modern slavery statements centrally** (section 47) – this provides that modern slavery statements must be submitted to the Secretary of State. At the moment, companies are encouraged, but not required, to submit their statements to the modern slavery statement registry
- **New penalties for non-compliance** (section 49) – under these provisions, the Secretary of State can make regulations to impose financial penalties on companies for non-compliance with Modern Slavery Statement obligations. Companies which fail in their obligations could face financial penalties of up to the greater of £1 million or 1% of the company's total turnover.

The proposed changes, including the penalties regime, have been expected for some time. The second reading of the Bill is on 13 July 2026.

5. **New CGI guidance note on the proper purpose test**

On 4 June 2026, the Chartered Governance Institute UK & Ireland (CGI) published an updated version of its guidance note on access to the register of members and the proper purpose test (as set out in sections 116 to 119 of the Companies Act 2006 which apply to both public and private companies). The guidance note has been extensively updated since its original publication in 2007, providing insights from recent cases. Key points are as follows:

- **Proper purpose** – the cases make clear that the test of whether a purpose is proper is an objective one and what constitutes a proper purpose is dependent on the specific facts and circumstances of the particular case. The onus is on the company to demonstrate that the proposed purpose is improper. The guidance sets out examples of both proper and improper purposes
- **Recommendations** – the guidance sets out best practice recommendations. For example, it includes a form to be completed by an applicant wishing to inspect or obtain a copy of a company's register as Appendix A
- **Processes** - the CGI suggests that companies and registrars should develop internal processes and guidelines to deal with section 116 requests, particularly given that the register must be supplied or an application to court made within five working days of receipt of the request to inspect the register.

6. **FRC report on digital reporting in annual reports**

Certain companies with securities admitted to trading on UK regulated markets are required to produce their annual reports in iXBRL. The Financial Reporting Council (FRC) has [published](#) a review of structured digital reporting relating to

the year 2024/2025. The review identified some areas where improvements could be made including the following:

- **Inconsistent level of tagging** – disclosures that cover multiple accounting topics are often tagged with a single high-level tag where more detailed or multiple tags are required, reducing consistency and comparability across filings
- **Website availability and accessibility** – some companies are failing to make their structured digital report easily available on their website, delay publication or do not provide a viewer friendly version

As noted above, producing accounts in iXBRL format will apply to all UK registered companies from April 2028 so all companies will need to familiarise themselves with the requirements and note the common errors identified by the FRC.

7. CSRD Delegated Acts

On 3 July 2026, the European Commission adopted two delegated acts relating to the Corporate Sustainability Reporting Directive (CSRD):

[Delegated Regulation to simplify certain reporting standards](#): this would make changes to the European sustainability reporting standards (ESRS) for entities in scope of the CSRD. The proposed changes reflect EFRAG's [December 2025 technical advice](#), and look to reduce the reporting burden both in terms of the mandatory datapoints and also the estimated costs to a company of reporting on these. The simplified ESRS would apply from 1 January 2027 (though those subject to reporting requirements starting in 2026 may choose to apply it).

[Delegated Regulation establishing voluntary reporting standards](#): For companies outside the scope of the CSRD, this delegated regulation proposes a reference sustainability reporting framework which can be used on a voluntary basis. This is aimed at helping smaller companies responding to requests for information from larger companies and financial institutions. The regulations also propose a value chain cap, meaning that companies subject to the CSRD cannot require companies in their value chains to provide more information than what is covered by the voluntary standard.

These delegated regulations will now go to the European Parliament and the Council of the EU for scrutiny and adoption.

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