



# Retail Risk Outlook 2026

## Key regulatory developments for retailers

For what comes next  
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# Introduction

**In 2026, UK retailers face a uniquely challenging environment. Persistent cost pressures, geopolitical uncertainty, shifting consumer behaviour and complex operations are testing even the most resilient players.**

At the same time, a wave of new regulatory and legal changes is raising the stakes across multiple fronts – forcing retailers to keep pace with a fast-changing compliance landscape.

Leadership teams must now navigate a crackdown on pricing and promotions transparency, fundamental changes to business rates increasing property costs, sweeping workforce reforms under the Employment Rights Act 2025, rising expectations around data use and AI governance, and a tougher consumer protection regime as the Digital Markets, Competition and Consumers Act (DMCC Act) comes into force.

The convergence of these pressures means retailers are dealing with more scrutiny and potential flashpoints than ever before, with little margin for error – commercially or legally.

Yet, the outlook is far from pessimistic. The sector has proven adaptability through headwinds, and businesses embracing proactive risk management can turn challenges into opportunities to build trust and competitive advantage. Encouragingly, lawmakers are listening, with developments such as the Crime and Policing Bill responding directly to industry concerns.

Our updated Retail Risk Outlook provides a clear, forward view of regulatory and commercial issues shaping the retail sector in 2026 and beyond. Structured around six core themes, the report highlights key developments retailers need to be aware of the year ahead.

Each theme links to a detailed report, offering practical insight into what is changing, why it matters and what retailers should be doing now. Alongside this, our horizon scan timeline helps businesses track what's next, supporting informed planning rather than reactive decision making.

If you have any questions or need support, please get in touch.

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# Key themes for 2026

These six themes highlight the issues that will most shape risk, compliance and opportunity for retailers in 2026 and beyond.



## Employment and pensions

Employment law reform accelerates. The Employment Rights Act reshapes dismissal, unions, harassment and redundancy, while pensions focus on DB surplus and salary sacrifice, requiring employers to balance workforce risk, cost and culture.



## Product and marketing

Product regulation tightens across the UK and EU. Safety, liability, pricing transparency and advertising rules evolve alongside IP and carbon border challenges, increasing compliance pressure while reshaping how products are designed, priced and promoted.



## Property

Retail property faces structural change. Business rates reform, energy efficiency standards, Martyn's Law and restrictions on rent reviews combine to affect asset values, leasing strategy, occupier costs and long term investment decisions.



## Sustainability and environment

2026 will test credibility on sustainability. Greenwashing enforcement, extended producer responsibility, ecodesign rules and deforestation laws move from policy to practice, demanding robust data, transparent claims and supply chain accountability.



## Tech, data and AI

Tech risk becomes board level. Data protection reform, cyber resilience duties and practical AI governance converge, while payments innovation continues, forcing organisations to embed security, ethics and resilience into everyday operations.



## Governance

Regulatory scrutiny intensifies. New competition powers, crime and policing reforms, modern slavery reporting and corporate accountability measures increase enforcement risk, driving the need for stronger governance, controls and senior oversight.

# What's inside?

The key regulatory themes and developments, with links to in depth insight on what's changing and how retailers can prepare.

## Employment and pensions

Employment Rights Act 2025  
ERA: Unfair dismissal and tribunal time limits  
ERA: Trade union reforms  
ERA: Duty to prevent sexual & third-party harassment  
ERA: Collective redundancies  
ERA: Fire & re-hire  
Pensions: DB Surplus  
Pensions: Salary sacrifice  
Health and Safety: spotlight on work-related stress

## Property

Upwards-only rent reviews  
RICS service charge standard  
Business rates  
Martyn's Law: 2026- 2027: Timeline for compliance  
Minimum Energy Efficiency Standards  
Proposed reforms to the Landlord and Tenant Act 1954  
Recoverability of insurance commissions in leases  
Community assets

## Tech, Data and AI

Data protection reforms: Data Act 2025  
Preparing for the UK's Cyber Security Resilience Bill  
AI governance in action  
Payments update

## Product and marketing

UK product safety  
EU product safety and liability  
ASA Enforcement  
New rules for price transparency  
Custom treatment of low-value imports  
UK Carbon Border Tax: downstream challenges for retailers  
Trade mark update: Getty Images v Stability AI

## Sustainability and environment

Greenwashing  
Deposit return scheme  
Packaging Extended Producer Responsibility  
Ecodesign for Sustainable Products Regulation  
EU ESG reporting: Omnibus Simplification Package  
Deforestation

## Governance

DMCCA update  
Crime and Policing Act  
Corporate reporting  
Restructuring plans  
Modern slavery  
Competition update

# Regulatory priorities for 2026

This list highlights the five regulatory developments expected to have the greatest impact on UK retailers over the year ahead, setting out what is changing, why it matters and where businesses should focus their attention now.

Key development	What's changing?	What retailers should do now	
1. <b>Pricing update</b>	Regulators are cracking down on misleading pricing tactics (e.g. drip fees, fake “was/now” discounts, unclear subscription terms).	Audit all pricing and promotions for transparency – remove hidden fees, ensure discounts are genuine and clearly explained.	<a href="#">Find out more</a>
2. <b>Business Rates</b>	Permanent business rate relief for retail/hospitality starts April 2026 (lower multipliers for sites <£500k RV; new higher rate for sites ≥£500k).	Review your store rateable values – identify which locations get the new relief vs. high-value surcharge; appeal any over-valuations and adjust leasing plans/budgets accordingly.	<a href="#">Find out more</a>
3. <b>Employment Rights Act 2025</b>	Phased reforms to redundancy, equality and union rights to 2027, higher admin and dispute risk.	Update workforce policies and practice, track consultations and plan for cost and process impact.	<a href="#">Find out more</a>
4 <b>AI Governance</b>	No new AI law yet, but UK regulators (ICO, CMA etc.) expect responsible AI use – with strong focus on fairness, transparency and accountability in automated decisions.	Develop an AI governance framework -implement bias checks, human oversight and clear policies for any AI tools and incorporate protections in core contracts affected by AI.	<a href="#">Find out more</a>
5 <b>DMCCA update</b>	CMA gains direct powers to investigate and fine; faster, tougher enforcement.	Review pricing, promotions and subscriptions, update terms where necessary and strengthen consumer compliance governance.	<a href="#">Find out more</a>



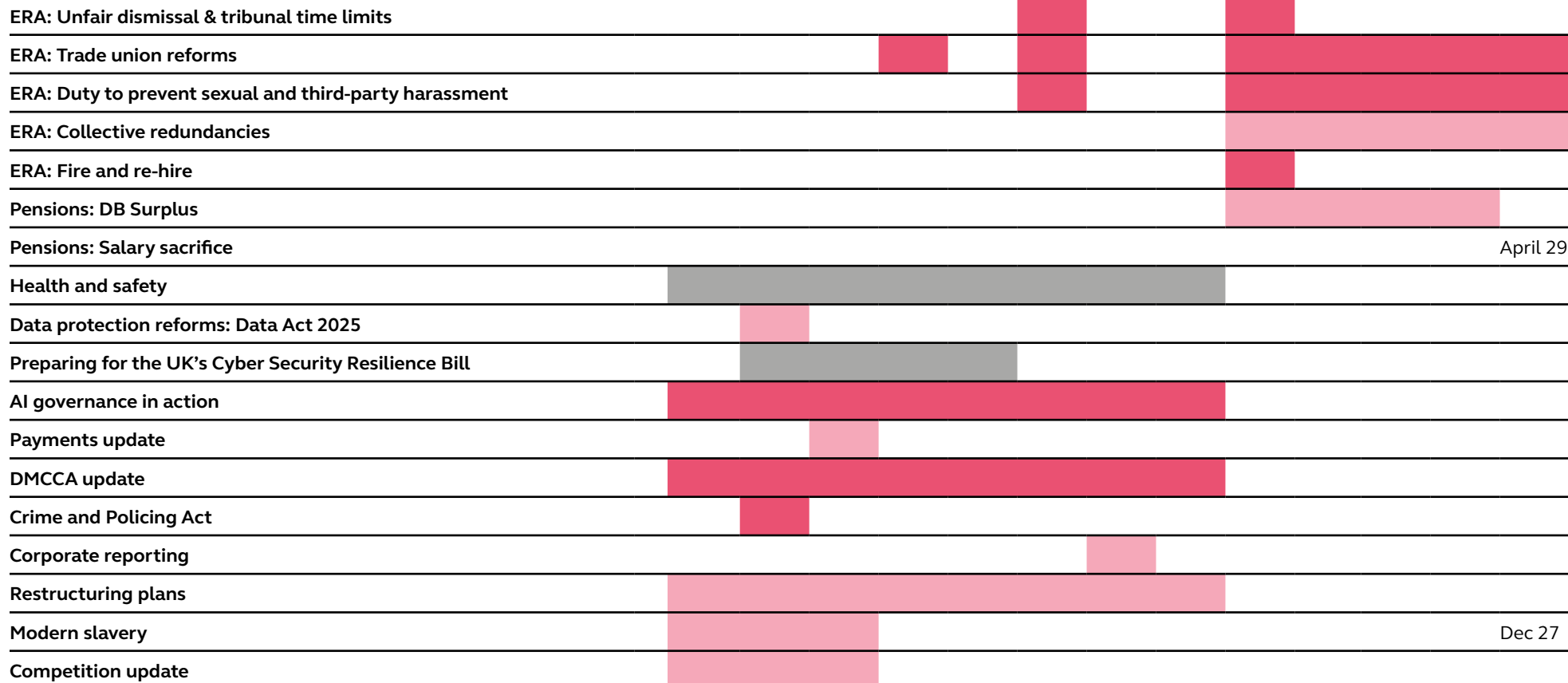
Impact: High **H** Medium **M** Low **L**

2026

2027

**Key development**

May June July Aug Sept Oct Nov Dec Jan Feb March April May



**The risks are clear. The question is readiness.**

If you want to understand how these changes affect your business and what to prioritise in the next 60–90 days, we're here to help.

# Contact our retail team

**Our national practice advises the UK's leading retailers and consumer brands.**

We're strategic advisers who understand the dynamics of retail and consumer markets and invest the time to know your brand, your customers, and your ambitions.

We combine deep sector insight with practical, commercial solutions, safeguarding your interests and helping you stay ahead of market trends. Our clients include major grocery groups, fashion brands, home & lifestyle retailers, general merchandise, motor dealership groups and pure-play online businesses.

We deliver strategic guidance on major projects and seamless day-to-day support. Using our sector insight, we anticipate legal, regulatory and commercial challenges so you can navigate a fast-moving retail landscape and create opportunities for what comes next.



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