



28 September 2026

BUSINESS NEWS – Round up

Welcome to our weekly round up of the latest business news for our clients. [Please do contact Cognitor Accountancy](#) to talk with us about how these updates may affect your business. We are here to support you!

Long-term workers' absence



Britain's companies are facing a critical challenge with over one in five working-age adults out of the workforce, with ill-health and disability as major drivers.

Two recent reports, the 'Keep Britain Working' review, led by Sir Charlie Mayfield and research from employee benefits provider Everywhen, paint a bleak picture of the nation's employment record.

Sir Charlie, the former chairman of John Lewis, said Britain had an 'insidious problem' with employees dropping out of employment after becoming sick. His research showed about 300,000 people a year dropped out of employment because of health conditions and only had a 3.8% chance of returning to work within a year.

The longer an employee remains disconnected from work, the greater the risk of declining confidence, worsening mental health and permanent withdrawal from employment.

The pessimistic conclusions support rising concerns over Britain's ballooning welfare bill. The Office for Budget Responsibility (OBR) expects the UK's welfare bill will total £333 billion this year and by the end of the decade, the annual cost will have climbed to £407 billion.

The Everywhen research found that 58% of employers believe long-term absences have a high or severe impact on their day-to-day operations, compared with 30% for short-term absences. For Small to Medium-sized Enterprises (SMEs), this has high costs, with the average cost of recruitment and training at over £11,000 per replacement and lost profits of £120 per day.

Sir Charlie was critical of both employers and employees in the handling of sickness absence. He identified a breakdown of communication once an employee goes off sick, arguing that many employers have become hesitant to contact absent workers. Employers were overly concerned about grievances, complaints or employment tribunal claims if they kept in contact with a sick employee.

He said this 'culture of fear' left employees isolated from the workplace at a time when support and engagement are most needed.



Sir Charlie Mayfield recommends that sickness reporting should involve a direct conversation with a manager rather than relying solely on emails, texts or messaging apps. Establishing an open dialogue can help employers understand the problem, provide support and begin planning a realistic return-to-work pathway.

He was also highly critical of the ease with which sick notes could be issued. Over 11 million sick notes were issued last year, 93% of which declared employees unfit to work.

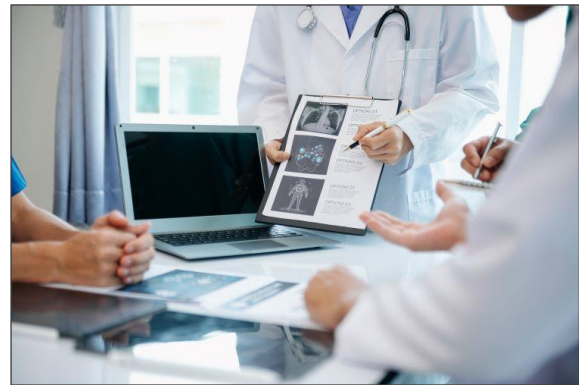
Medical conditions

The health statistics make depressing reading. Everyman's research identified chronic illnesses such as heart disease and diabetes as the leading cause of long-term absence, accounting for 28% of cases.

Acute medical conditions, including cancer and stroke, followed closely at 27%.

Mental health issues also feature prominently, with anxiety and depression linked to home-life pressures responsible for 21% of long-term absences, while work-related stress accounted for a further 18%.

The demographic group most likely to experience long-term sickness absence was among employees aged 45 to 60, reflecting the increased likelihood of developing chronic health conditions along with other factors.



The most striking figures from the 'Keep Britain Working' review were the rocketing numbers of 16 to 24-year-olds reporting health conditions. It increased 77% between 2015 and 2024, with half of the cases citing mental health issues.

What to do

For employers, the message is clear: prevention and early intervention are critical. One of the most effective measures is maintaining regular and supportive contact with employees from the start of an absence.

Employers should also make greater use of workplace health support. Flexible working arrangements remain the most widely used preventative measure, offered by 41% of businesses.

Rehabilitation support can be particularly valuable. Physiotherapy for musculoskeletal conditions, mental health counselling and specialist clinical advice can often reduce recovery times and help employees return to work sooner.

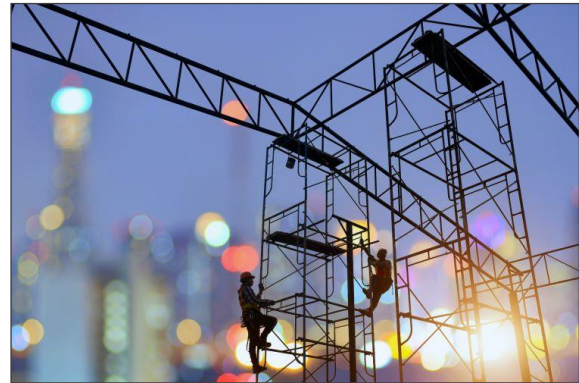
It is also important that employers know what's going on, and monitoring trends can enable organisations to identify emerging health concerns and target support where it is most needed.

Employers who focus on early engagement, health and wellbeing support, flexible working and effective rehabilitation are more likely to retain experienced staff and reduce the business disruption caused by prolonged absence.

Getting monthly Construction Industry Scheme (CIS) returns correct



Members of the Construction Industry Scheme (CIS) are due to get letters from HMRC where errors have been identified in their monthly returns. The letters, due in October, are in response to three common errors identified by HMRC.



Using the wrong CIS deduction rate

Contractors must complete checks to verify a subcontractor when required, with HMRC confirming the deduction rate to use.

Rates change and CIS members should always use the latest rate notified by HMRC, not an old rate or one used on a previous return.

Not recording the cost of materials

The costs of materials must be recorded separately when they are included on the invoice. CIS deductions usually apply to labour, not materials and recording figures separately helps the return match the client's records.

Entering incorrect figures

Payment, material and deduction figures should be checked against payroll, invoice or accounting records before the return is submitted.

HMRC will continue checking CIS returns and may ask clients to review their records and explain how the return was completed. HMRC may contact taxpayers by letter or email and to check that the message is genuine, use the following link.

<https://www.gov.uk/government/collections/check-a-list-of-genuine-hmrc-contacts>

Should you need help with CIS deductions or communicating with HMRC, please contact us. We're here to help.

Changes to the data regulator go through

The government has confirmed the Information Commissioner's Office will become the Information Commission on 30 September 2026. The change is the result of the Data (Use and Access) Act 2025 modifying its governance structure and regulations.

It also reminds companies of the minor changes that come with the Act. While many of the changes don't really affect how an organisation can use personal information, there are things to know.

Changes to complaints procedures

Should an individual make a complaint to an organisation about how it uses personal information, companies need to provide an electronic complaints form. It also must acknowledge a complaint within 30 days and respond to it in a timely fashion.

Changes to the use of personal information

An organisation can use personal information to make significant automated decisions if it can show it has a valid reason or 'legitimate interest'.



This legitimate interest needs to outweigh the impact on an individual's rights and freedoms. If the data falls into the 'special category information', it may not be used: information about racial or ethnic origin or sexual orientation, for example.

Charities that have collected personal information because individuals have supported, or



expressed an interest in, their work can send direct marketing emails, unless the person asks the charity not to.

An organisation can give out a person's personal information when it is needed for the purposes of 'archiving in the public interest'. Even if the information was originally provided for a different reason, the data can still be used. (Archiving in the public interest means preserving records of public value.)

A law enforcement agency (such as the police) does not have to follow some of the usual rules about how it can use your personal information, if this is necessary to protect national security.

Law enforcement agencies and the intelligence services (such as MI5) that are working together on joint operations can work to the same intelligence services' rules when using information, if the Secretary of State authorises this.

Cookies no longer need consent if their function is limited primarily to improve the functionality of its website.

Changes to what an organisation must do when it uses your personal information

An organisation must think about children when it uses personal information to provide online services and make sure it properly protects them.

There is no longer a need to inform people that an organisation intends to re-use their personal information for research, archiving in the public interest or generating statistics, if it would involve a disproportionate effort for it to do so. So long as it protects the individual's rights in other ways and still explains what it's doing by publishing details on its website.

Changes to how the law is regulated

The Act also gives the ICO stronger powers, allowing it to compel witnesses to attend interviews and request reports from approved persons.

Maximum fines for breaking Privacy and Electronic Communications Regulations (PECR) rules increase to match major data protection breaches (up to £17.5 million or 4% of global annual turnover).

<https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2026/09/ico-to-become-information-commission-on-30-september-2026/>

New tool to check tax deadlines

Small businesses can now use a new online tool to check their tax filing and payment deadlines across several areas. The deadline tool is designed to integrate into most calendar applications and covers:

- Construction Industry Scheme (CIS) contractors.
- PAYE employers.



- Self Assessment.
- VAT.

There is no need to sign in to use the tool and the information entered is not sent to HMRC. HMRC plan to add more taxes to the tool in the future and any feedback provided will be used to improve it.

If you need help with more complex tax deadlines or don't know which deadlines you need to pay attention to, please feel free to [contact us](#). We'd be happy to help you.

<https://www.gov.uk/guidance/check-your-tax-filing-and-payment-deadlines>

Penalties for missed Employment-Related Securities deadline

The deadline for submitting 2025-26 Employment-Related Securities (ERS) end of year returns was 6 July 2026. If your company has not yet submitted a return, including a nil return, you may already have received a £100 late filing penalty.

Additional automatic penalties of £300 apply if a return remains outstanding three months after the filing deadline, with a further £300 penalty if it is still outstanding after six months.



It's worth noting that should a company appeal an ERS late filing penalty, any outstanding returns must still be submitted to prevent further penalties.

Since the ERS scheme must be linked to a live PAYE scheme, should the PAYE scheme close, employers must tell HMRC if any associated ERS schemes also need to be closed.

If a scheme is no longer required, employers should cease the scheme with HMRC, and an annual return must still be submitted for the tax year in which the final event date falls.

If you need help with your ERS, [contact us](#). We're here to help.

Companies House warns directors to avoid prosecution

Directors are being warned to verify their identities with Companies House or risk prosecution after the Insolvency Service secured its first convictions for these offences.

Directors of two companies, Reading Properties Limited and J Isogony Apparel Limited, were fined at City of London Magistrates' Court for not verifying their identity.

Identity verification is a central part of the Economic Crime and Corporate Transparency Act 2023, which strengthened Companies House powers to improve the accuracy of the company register and tackle the misuse of UK companies for criminal purposes.

Newly appointed directors have been required to verify their identity with Companies House before acting as a director since 18 November 2025.



Existing directors are required to verify during the 12-month transition period, when filing the company's next confirmation statement, helping to ensure that those who own and control

businesses can be identified and held accountable.



There is no option to opt out. Directors who continue to act without verifying their identity risk investigation and prosecution.

Daniel Hart, Senior Criminal Lawyer at the Insolvency Service, said, "These prosecutions demonstrate that directors have responsibilities not only for their own compliance but also for ensuring unverified individuals do not continue acting as directors on behalf of a company."

The Insolvency Service said that in both cases, multiple opportunities were provided for the directors to comply with the requirements before enforcement action was taken.

One of the prosecutions included a director who had verified his identity. He was prosecuted after failing to take reasonable steps to prevent another staff member from continuing to act as a director while unverified, despite being aware of the legal requirement.

If you need help with Companies House documentation or considering insolvency, please [contact us](#).

Guidance on loan charge settlement scheme

Thousands of people and employers with outstanding loan charge liabilities are being invited to take advantage of a new loan charge settlement scheme that could reduce their bills by up to £70,000.

The loan charge refers to historical tax-avoidance loan schemes that didn't pay National Insurance or Income Tax.

Most people could see reductions of at least 50%, with around a third able to settle without paying anything at all.

HMRC is writing to eligible taxpayers, asking anyone who receives a letter from their caseworker to respond as soon as possible.

These arrangements can be complicated and take some time to work through, which is why each taxpayer has a named contact that they, or their agent, can speak to. Taxpayers do not have to wait for a letter. They, or their agent, can contact their named caseworker at any time to discuss the settlement scheme.

On 5 August 2026 the 'Employment and Trading Income etc. (Loan Charge Settlement Scheme) Regulations 2026' came into force, allowing the more flexible handling of loan charge repayments. New guidance includes information on when settlement offers will be made, how long they will be available and what determines how long taxpayers will have to settle.

It also has examples of how to calculate the settlement offers.

Taxpayers who cannot pay in full straight away can agree a payment arrangement based on what they can afford and those who settle under the new terms can choose to pay over five years.



Anyone who does not settle will have to pay the full amount of the loan charge.

If you need help in dealing with any outstanding loan charge liabilities, please [contact us](#). We'd be happy to help you.

Supporting SME access to finance

A Financial Conduct Authority (FCA) review into understanding how its regulations affect SME access to finance found it wasn't a major barrier but did identify areas it could help improve.

Small to Medium-sized Enterprises (SMEs) did face demand-side and supply-side challenges in accessing finance, including some smaller regulatory frictions.

SMEs, identified as businesses with fewer than 250 employees and an annual turnover under £44m, account for 60% of employment and 51% of turnover in the UK private sector. The sector's



size is consequently important for economic growth. Yet only 21% of the total value of UK business loans are provided to SMEs and 54% of SMEs are not using external finance in any capacity.

The British Business Bank (BBB) estimates that the outstanding stock of bank lending to SMEs was 22% lower in real terms in 2025 than in 2012. It was concerned that an apparent reluctance among some SMEs to seek external finance and the long-term decline in lending to SMEs could affect SMEs' ability to invest, innovate and grow.

Higher interest rates than pre-pandemic, increased costs of doing business (energy charges and taxation) and a more uncertain geopolitical environment would account for a more risk-averse sector.

The FCA also identified practical challenges for SMEs accessing finance on both the demand-side and supply-side. These include:

- SME preparedness for accessing finance and issues with navigating the market.
- Challenges in assessing risk and accessing suitable products.
- Regulatory frictions relating to the duplication of customer checks and Consumer Credit Act requirements.
- Other issues relating to commission-based incentives steering micro-SMEs to parts of the alternative lending market, and personal guarantee requirements potentially discouraging some applications.

The FCA will focus on three next steps that it believes could help reduce regulatory frictions.

- It will monitor industry work to explore whether digital verification could reduce duplication in customer checks, while maintaining effective financial crime controls.
- It intends to deliver a proportionate regulatory regime as part of Consumer Credit Act reform.
- The FCA will enable open finance to develop by prioritising high-impact use cases, including SME lending and consumer mortgages.



Part of the review concentrated on business lending of £25,000 or less to sole traders and small partnerships. Around 60% of SMEs seeking finance in the last three years sought less than £25,000, so this perimeter is relevant to a large share of lower-value SME finance.

The full FCA review can be found here: <https://www.fca.org.uk/publication/feedback/fs26-2.pdf>

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

Written 25 September 2026