

The government's planned law reforms will not de...

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I [mentioned yesterday](#) the new requirements that I thought were necessary to ensure that the UK has a functioning company regulator to address many issues, including those highlighted on Panorama last night. None of the revelations in that programme were new to those who have been looking at this issue for some time, but to see them getting an airing was welcome.

The [government has responded](#). Paul Scully, who is an Under Secretary of State on this issue made an announcement yesterday on 'Corporate transparency and reform of the companies register'. The key measures are:

- * *Identity verification.* We will introduce compulsory identity verification for all directors and beneficial owners (People with Significant Control) and individuals filing information on behalf of a company.
- * *Reforms to Companies House powers.* We propose giving the Registrar much stronger powers to query, seek evidence for, amend or remove information and to share it with law enforcement partners when certain conditions are met.
- * *Protecting personal information.* We will give individuals more rights to remove personal information from the register, to help protect them from fraud and other harms.
- * *Company accounts.* We propose mandating electronic filing to bring the UK in line with international best practice and will look to simplify the filing of accounts with Companies House and HMRC. We propose a further consultation on options to deliver these reforms.

As I suggested yesterday, this is the government choosing to fail, again.

Let me make the obvious points. The first is that identifying persons with significant

control is meaningless if their existence is not declared in the first place, meaning this control can be circumvented by anyone. Much tighter regimes, and a requirement that all membership be disclosed is essential to make any progress on this issue, but the government has ducked it.

Second, increased powers for Companies House are meaningless without funding and a willingness to use the powers. There is no indication of funding, which could be found by simply increasing the ludicrously low fees. Nor is there any indication of a real change of attitude. These powers will be, like so many others, token gestures that will sit unloved and unused on the shelf amongst other laws passed to pretend that there is willing when none exists.

And third, I know that my comment on the second issue is true because the third priority is to make sure that there is less information on public record. You literally could not make this up.

Whilst, fourth, the accounting reform is to simply require that all accounts be submitted electronically, which is a method to impose more control on the limited disclosures required because making additional disclosure in most of the software available for this purpose is quite hard, as I know from experience. In other words, this can, from the viewpoint of transparency, be seen as a backward step.

We are then a million miles from making real progress. And why is that? Another part of the announcement makes that clear. The minister said:

These reforms will have a negligible impact on the speed at which incorporation and other filings are completed: we still expect the vast majority of companies to be able to incorporate easily within 24 hours. Costs will remain low by international standards. Where more information is being sought from companies, for example for identity verification, technological solutions will ensure that additional burdens on business and individuals are kept to a minimum.

The attitude remains that all regulation is some terrible burden on business. It isn't: it's the price of fair competition. But it's very clear that fair competition is not what this government wants. And that's the real problem we face.

Cronyism does not flourish when there is transparency. And ministers will do their best to prevent the delivery of transparency in that case, because cronyism is what they wish for. This announcement is another example of that.