insight ANALYSIS

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INSIGHT ANALYSIS PROVIDES EXPERT COMMENTARY AND REPORTING ON ISSUES ARISING FROM CHANGES TO THE THE RIGHT TO WORK RULES

Right to work reform 2026

Preparing your business

Major changes to the right to work scheme are coming from 1 October 2026

UK businesses should begin preparing for significant changes to the UK's illegal working regime which are coming into place in October this year. Following the Government's decision to extend the scope of the Right to Work scheme, organisations will soon be responsible for carrying out, or ensuring the completion of, immigration checks in a much wider range of working arrangements than has previously been required.

The reforms will take effect from 1 October 2026 and arise from provisions contained within the Border Security, Asylum and Immigration Act 2025. The changes significantly broaden the circumstances in which civil penalties can arise and will affect not only traditional employers, but also businesses engaging contractors, workers and individuals sourced through digital platforms.

As penalties for illegal working can reach £60,000 per individual for repeat breaches, organisations should be reviewing their arrangements prior to the changes.

Further details of the Government's proposals can be found in its consultation response on the expansion of the scheme: Extending the Right to Work Scheme.

How the Scope of the Scheme is Changing

Until now, Right to Work obligations have primarily focused on individuals employed under traditional contracts of employment.

From 1 October 2026, the scheme will extend to a broader range of working relationships, including:

- Individuals engaged under certain worker agreements
- Self-employed subcontractors
- Individuals sourced through online matching or digital marketplace platforms
- Other contractual arrangements involving the supply of labour or services

Importantly, contracts do not need to be formal written agreements to fall within the scope of the legislation. Verbal agreements and implied contractual arrangements may also be caught.

This means that many businesses that have historically viewed immigration compliance as an employment issue alone will need to reconsider how they engage labour across their entire work force.

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Expanded Liability Throughout Supply Chains

One of the most notable aspects of the reforms is the widening of responsibility beyond the direct engager of labour. The new provisions are specifically designed to address increasingly complex labour supply arrangements and will allow the Home Office to impose liability on organisations involved in the procurement, arrangement or supply of workers.
In practical terms, businesses may be at work where they:

- Directly engage workers or contractors;
- Procure labour through intermediaries;
- Arrange for third parties to provide workers or services; or
- Operate platforms that connect service providers with customers.

Online matching services will be particularly affected, as facilitating the introduction of an individual who goes on to provide services may create compliance obligations under the new framework.

The Importance of Direct and Non-Direct Relationships

The draft Home Office guidance introduces a distinction between direct and non-direct relationships.

Direct Relationships

Where an organisation contracts directly with a worker and is effectively acting as the worker's employer or engager, it will usually be responsible for conducting a compliant Right to Work check in much the same way as under the current system.

Non-Direct Relationships

More complex issues arise where multiple parties sit between the end client and the individual carrying out the work.

In these situations, the Home Office can examine the wider contractual chain and determine which organisation bears responsibility. Businesses will not necessarily be expected to carry out Right to Work checks themselves, but they will need to demonstrate compliance with a range of prescribed requirements in order to protect themselves from civil penalty liability.

New Compliance Requirements for Businesses

The draft Home Office Code of Practice outlines a number of measures that organisations will need to implement where they rely on contractual chains or labour supply arrangements.

Contractual Protections

Businesses should review supply agreements and labour contracts to ensure they contain appropriate Right to Work obligations before any work begins.

The Home Office expects contracts to include provisions requiring the relevant employer or service provider to undertake compliant Right to Work checks and maintain suitable records.

Existing contracts should be reviewed well in advance of October 2026 to identify any amendments that may be required.

Substitution Arrangements

Many contractor agreements allow workers to provide substitutes. Under the new regime, businesses will need robust procedures to ensure that any replacement personnel are subject to appropriate Right to Work verification before commencing work. A contractual right of substitution alone will not remove compliance risks.

Identity Verification Measures

The Government is also placing greater emphasis on ensuring that the person attending work is the same individual whose immigration status has been verified.
Organisations are therefore expected to maintain proportionate identity verification systems. Depending on the nature of the work, these could include site access cards or security passes, biometric entry systems, and digital identity verification services to name a few. Businesses should assess whether their existing systems are capable of meeting these expectations.

Penalties Remain Significant

While the scope of the scheme is expanding, the civil penalty framework remains unchanged. Businesses found liable for illegal working may currently face:

- Up to £45,000 per worker for a first breach; and
- Up to £60,000 per worker for repeat breaches occurring within three years.

Given the potentially substantial financial exposure, organisations should view these reforms as a governance and risk-management issue rather than simply an immigration compliance matter.

What Should Businesses Be Doing Now?

With the implementation date fast approaching, organisations should begin assessing their exposure immediately.

For tailored advice on preparing for the upcoming changes or reviewing your organisation's Right to Work compliance framework, businesses should seek specialist immigration advice at the earliest opportunity.

This report is written for the benefit of our clients and is based on information available in September 2026. Further advice should be obtained before any action is taken.

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