Q3 2026

UK Private Company Director

Welcome to the Autumn 2026 issue of UK Private Company Director, the quarterly newsletter for directors of owner-managed, family and private equity backed businesses.

We cover financial, legal, tax and wealth management issues that are crucial to building and realising the value of your business. Corbett Keeling's report on deal activity in buying and selling UK companies offers clear insight into investor appetite and market sentiment.

As always, this issue tackles topics of relevance for directors of privately owned businesses in the UK:

- The Budget was far from revolutionary, but worries about future tax rises remain. Corbett Keeling's quarterly survey suggests buyers have not been put off, and now is a good time to start preparing for an exit (pages 2 and 3).
- The Employment Rights Act will widen the scope of buyers' due diligence and could affect sale values. With most changes arriving in 2027, we look at the key issues sellers should consider now (pages 4 and 5).
- After an exit, the challenge shifts from making wealth to managing it. It helps to establish a clear framework that balances your personal objectives with family ambitions and long-term legacy (page 6).

All the best,

Megan Peel

Megan Peel, Editor
meganpeel@ukprivatecompanydirector.com



Corbett Keeling
Cazenove Capital
WINSTON TAYLOR.

The revolution has been postponed

The recent Budget has eased markets' fears in the short term. But, as Jim Keeling of corporate finance adviser Corbett Keeling notes, the longer-term outlook is less certain. So now is a good time for anyone thinking of an exit to start preparing.

You can put your velvet flares and kipper tie back in the wardrobe – for now, at least.

As our last newsletter went to print, Andy Burnham was waiting in the wings to become our seventh prime minister in ten years. Since then, he has talked about ending 40 years of neo-liberalism, and some heard echoes of the 1970s. That sparked widespread concern about his new Chancellor's first Budget, particularly the rumoured possibility of swingeing changes to the capital gains tax (CGT) regime.

In the event, the Budget turned out to be far from revolutionary, with a slew of minor measures mainly aimed at temporarily easing cost of living pressures.

Of specific relevance to our market, the lifetime limit for Business Asset Disposal Relief will halve to £500,000 from April 2027, which could cost sellers up to £30,000. While painful, that is not a reason to let tax drive the deal. Nor is the new Founders' Relief, a 10% rate on gains up to £10 million, also from April 2027. Its conditions are tight, and the government expects only around 600 people a year to qualify.

Our bigger worry is what comes next. Higher taxes may yet arrive, and political outcomes are always hard to predict.

What you can control is how well your business is shaped and prepared for a sale. Then, if a buyer approaches you or the market moves your way, you can make the most of it. A sale takes a long time to get ready for, so do not delay. Start now.

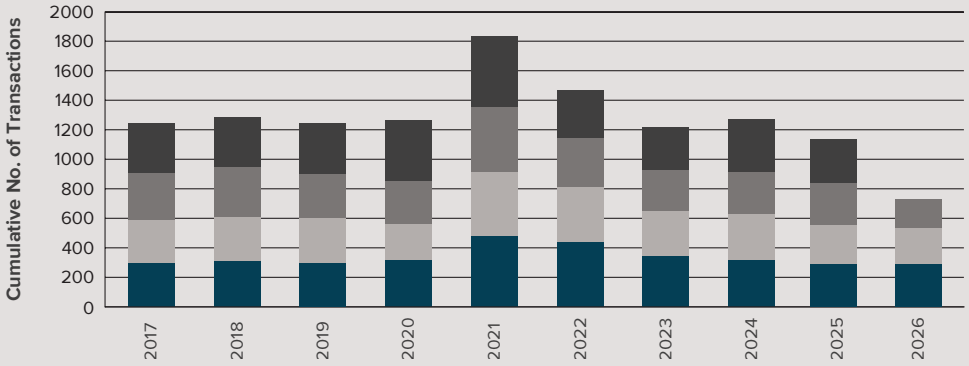
The good news is that buyers have not been put off. Even before the Budget, fewer than one in five respondents to our latest survey felt political concerns were holding the market back (see below). We have a strong pipeline of deals, and we continue to see plenty of buyers looking for companies at sensible prices.

Assessing the deal data

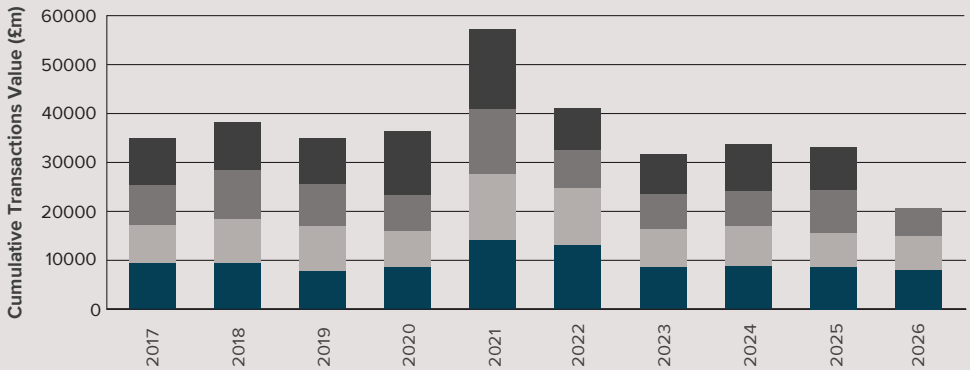
After three quarters, the year is telling two different stories. Larger deals have pushed total value above any full year since 2021, while smaller deals have been quieter.

The number of **smaller deals** (enterprise value under £150 million) fell from 242 in the second quarter to 198 in the third, and total value from £6.9 billion to £5.7 billion.

Sub £150m Transactions by Volume in the UK



Sub £150m Transactions by Value in the UK



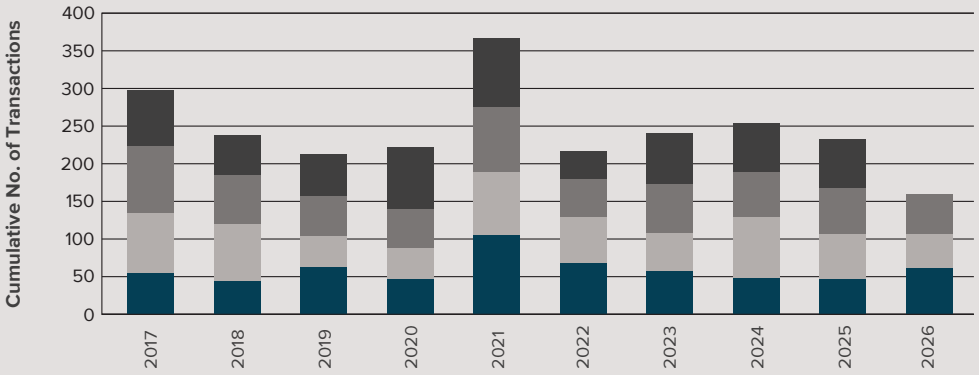
Key:

Q4 Q3 Q2 Q1

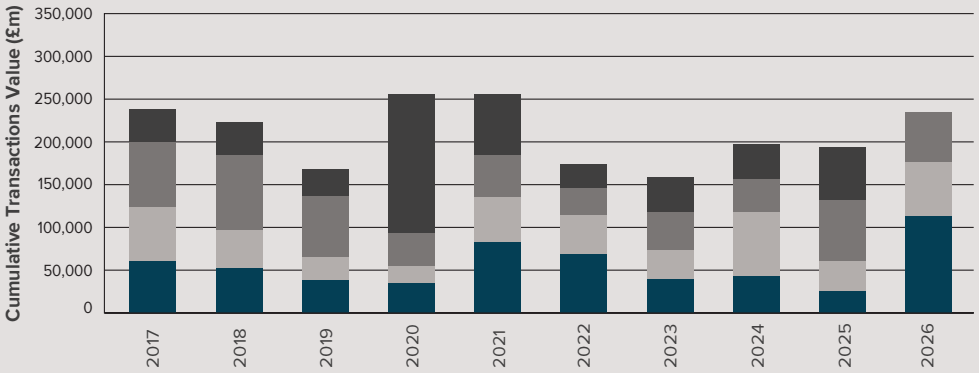
Data source: PitchBook.
Data as at 5 October 2026.
Early figures are typically revised up.

The number of **larger deals** (enterprise value of £150 million or more) rose from 46 to 53, although their total value fell by around a tenth, from £64.1 billion to £57.4 billion.

£150m+ Transactions by Volume in the UK



£150m+ Transactions by Value in the UK



Key:

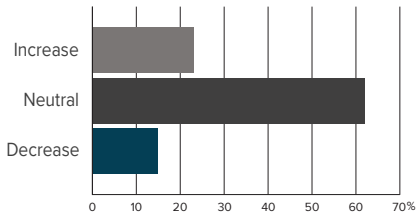
Q4 Q3 Q2 Q1

Data source: PitchBook.
Data as at 5 October 2026.
Early figures are typically revised up.

So what does our latest survey suggest?

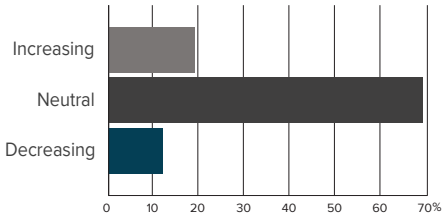
Our survey closed before the Budget, and the results reflect a market waiting to see what the Chancellor would do. Neutral answers dominated all three questions, which is unusual. But this was caution rather than pessimism: on expectations for both deal volumes and debt availability, the share of pessimists fell as well as the share of optimists. In our conversations with market participants after the Budget, the mood has remained much the same.

1 Do you expect deal volumes to increase or decrease?



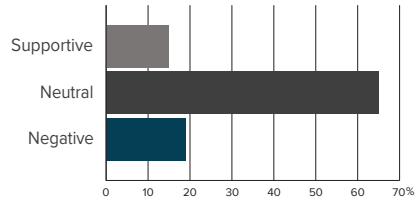
The proportion of respondents expecting more deals fell sharply, from 53% in our last survey to 23%. Yet the proportion expecting fewer also fell, from 18% to 15%. The rest, over 60%, expected little change.

2 Is debt availability increasing, decreasing or neutral?



Views on debt followed the same pattern. The proportion of respondents who thought availability was increasing fell from 35% to 19%, while those who thought it was falling halved, from 24% to 12%. That left a clear majority seeing little change.

3 How are political uncertainty and possible CGT changes in the forthcoming Budget affecting the M&A environment?



Only 19% said political concerns were having a negative effect, while 15% thought they were supportive. The rest saw little impact.

Contact us

jim.keeling@corbettkeeling.com

WINSTON TAYLOR.

Navigating a new ERA

The seismic changes brought by the Employment Rights Act 2025 will create additional work for anyone looking to sell their business. Helen Farr and Shireen Shaikh of law firm Winston Taylor caution that the ERA 2025 changes are not just extra compliance burdens; they will expand the scope of a buyer's due diligence and could significantly affect sale values.

Unfair dismissal qualifying period – from 1 January 2027, an employee only needs six months' qualifying service to bring a claim for unfair dismissal (down from two years). The reduction in the qualifying period means the buyer risks retaining poor performers. To guard against this, businesses should now:

- introduce probationary periods (of three or four months) to give an opportunity for a short extension for all new recruits;
- ensure poor performers are dismissed at the end of the probationary period and in good time before the employee has six months' service;
- use the probationary period to monitor for underperformance and, throughout the employment lifecycle, adopt a rigorous approach to dealing with underperformers rather than bequeath them to a potential buyer;
- if termination is the desired outcome, conduct any dismissals or conclude settlement negotiations before 1 January 2027.

Unlimited compensation for unfair dismissal – an employee who is unfairly dismissed on or after 1 January 2027 will be entitled to unlimited compensation for ongoing loss of earnings. Currently, this was limited to whichever was lower, 52 weeks' pay or a statutory cap of £123,543.

Loss is awarded on the basis of what the employee had a reasonable expectation of receiving as earnings, so this could include shares and share options, with employment tribunals being entitled to take into account the possibility of a future promotion or a future IPO. So businesses should now:

- review their equity arrangements with new executives to give the Board discretion where possible about whether to treat someone as a good leaver;
- revisit settlement strategies going forward, anticipating that settlement costs are likely to increase, so a contingency fund may be necessary;
- where termination is the desired outcome, conduct any dismissals or conclude settlement negotiations before 1 January 2027;
- consider other mechanisms to avoid unfair dismissal liability, such as a pre-agreed settlement agreement, other contractual drafting or an offer of employee shareholder status.

Material changes to employment contracts to be unlawful – from March 2027, it will be automatically unfair to dismiss someone if they refuse to agree to changes to their employment contract, in respect of key terms such as pay, hours, pensions and holidays (known as restricted variations). It will also be automatically unfair to replace someone with another person doing the same job on a varied contract (where one or more of the varied terms applies). The latter type of automatic unfair dismissal may apply even where the work is outsourced, if there is no reduced need for the work.

Further, it may be ordinarily unfair to dismiss an employee for refusing to agree to other changes (non-restricted variations) or to replace them so that the work is done by someone who agrees to the lesser terms. New statutory provisions will require employment tribunals to consider the reason for the change, what was offered to the employee in return for the proposed change, as well as any consultation that was carried out.

With change management set to become more cumbersome and fraught with risk, businesses should:

- carry out any consultation and change management exercises before these changes come into effect;
- review and refine any right to vary clauses, as these need to be in place before the change bites (it will be unlawful to impose right to vary clauses after the change comes in);
- audit employment contracts in case there are terms which need renegotiating with the workforce or individuals, in anticipation of a future sale.

Contact us

james.goold@winstontaylor.com

Third-party harassment – from 30 October 2026, employers will be liable for acts of harassment of third parties (which includes customers and suppliers) to their staff, unless they took all reasonable steps to prevent it. Businesses should now:

- conduct and diarise workplace risk assessments, in respect of all strands of the Equality Act 2010 which protect employees and workers from harassment (sex, race, disability, sexual orientation, religion or belief, gender reassignment, age), particularly where due to the environment or nature of the work there is a high risk of incidents occurring;
- consider whether contracts with third parties should be amended to empower the business to require the third party to deal effectively with any harassment;
- strengthen mechanisms for employees to speak up about discrimination and harassment (from April 2026, complaints about sexual harassment count as qualifying disclosures for whistleblowing purposes).

Regular contracts for those on contracts with low or zero hours – while much of the detail is yet to be fleshed out in regulation, provisions are due to come into force in 2027 which will require businesses engaging workers on low or zero hours contracts to be offered contracts which reflect the hours actually worked. This is likely to apply after a 12 week reference period, on an ongoing basis, for those who work below a set number of hours (to be determined). The direction of travel is that, unless there is a clear justification for using short-term zero hours contracts (for example, where there is seasonal fluctuation), staff should be offered regular contracts.

Businesses which use zero-hours contracts should now:

- conduct audits to determine compliance costs;
- assess if a seasonal fluctuation exception may apply.

Fair Work Agency – this new statutory body, which is setting its strategic priorities in 2027, will make it more important than ever for companies to comply with their statutory obligations on holiday, statutory sick pay and the national minimum wage. Not only will the body step up enforcement action in these areas, it has new powers to enter and inspect workplaces where non-compliance is suspected to be endemic. Businesses should:

- make sure their holiday pay is calculated correctly. This frequently arises as an area of concern in due diligence, particularly as arrears of unpaid or underpaid holiday may go back two years for the whole workforce. Note that, where there has been a status misclassification, backdated claims for holiday pay are unlimited.
- keep adequate records of holiday having been taken or paid in lieu on termination (failure to do so is a criminal offence);
- make sure their payroll function understands and complies with holiday pay, national minimum wage and statutory sick pay legislation and maintains adequate records.

Trade unions – right of access

Since 30 October 2026, trade unions have the right to request access to workplaces, both physically and digitally. This allows them to meet, support, represent, recruit or organise workers or facilitate collective bargaining. Faced with such a request, an employer only has 15 working days to respond. Businesses should now:

- understand this new right, as well as what reasonable access looks like;
- have a plan for dealing with such a request in a timely and strategic manner.

Contact us

james.goold@winstontaylor.com

Cazenove Capital

Investing with purpose post exit

The proceeds of a sale are a welcome reward for what is often a lifetime of hard work. But, as Freddie Lower of Cazenove observes, a sale is also an exciting opportunity for founders to create lasting structures to align their newfound wealth with their and their family's values.

Selling a business often creates something many entrepreneurs have never previously had: liquidity. During the years spent building their company, most of their wealth was reinvested back into the business. After an exit, the challenge shifts from creating wealth to managing it.

One of the most common misconceptions is that purpose-led investing is a separate exercise from investing itself and that clients must give up financial returns in order to invest in line with their values. In reality, most successful founders incorporate their values into a broader investment strategy, rather than creating a standalone values-based portfolio. Our experience is that the financial returns can be equally strong, even if the pattern of returns may look slightly different.

Typically, entrepreneurs divide their wealth post sale into several distinct pools of capital.

The first is a core portfolio designed to provide long-term financial security for themselves and their families. This is usually invested across global public markets, providing diversification, liquidity and exposure to long-term economic growth. Increasingly, founders are asking how this portfolio can be aligned with their values, whether through sustainable investment strategies, carbon-aware portfolios or investment managers who actively engage with companies on issues such as governance, employee welfare and environmental practices.

The second pool is often allocated to private investments. Entrepreneurs frequently like to back growing businesses and remain connected to the entrepreneurial ecosystem that helped shape their careers. This can take the form of angel investing, venture capital funds, private equity funds or direct co-investments. Beyond seeking attractive returns, founders often use this capital to support sectors they care about, such as healthcare innovation, education, clean technology or businesses addressing social challenges. The ability to contribute experience, networks and mentorship can be just as important as the financial investment.

A third allocation is often focused on impact and philanthropy. Rather than making ad hoc charitable donations, many families take a more structured approach. Some establish charitable foundations, while others use donor-advised funds or dedicated philanthropic vehicles. These can create greater continuity, allow family members to participate in decision-making and facilitate a more deliberate approach to measuring outcomes and impact.

Interestingly, purpose-driven investing is increasingly becoming a family rather than an individual project. After a sale, founders often discuss with their children how their wealth should be managed and what responsibilities come with it. Involving the next generation in decisions around charitable giving, impact investments or stewardship can help create alignment around the family's values while preparing them for future wealth ownership.

The most effective strategies recognise that financial objectives and personal values are rarely separate considerations. An entrepreneur may want a portfolio that provides long-term financial security, supports their family, backs the next generation of innovative businesses and contributes to causes they care deeply about. The question is not whether these goals can coexist, but how capital should be allocated between them.

In our experience working with many founders, we find that the most successful outcomes come from starting with a clear framework for capital allocation which balances personal objectives, family ambitions and long-term legacy. For many entrepreneurs, the ultimate goal is not simply preserving the proceeds of a successful exit, but ensuring their wealth continues to reflect the values that helped create it in the first place.

Contact us

freddie.lower@cazenovecapital.com

Contributors

Corbett Keeling

Contact us

8 Angel Court
London
EC2R 7HP
+44 (0)20 7626 6266

Jim Keeling,
Chairman and Chief Executive
jim.keeling@corbettkeeling.com

Corbett Keeling advises owners of private companies on selling their business, raising capital and making acquisitions. For over 30 years, our bespoke, personal service has delivered the optimal mix of cash, certainty and chemistry. On average, we achieve more than a 40% uplift in sale value compared to our clients' initial expectations, and we're proud to have a deal completion rate of over 90%. With broad sector expertise and access to both global trade and financial buyers, we'll find the right investor or buyer for you.

corbettkeeling.com

Cazenove Capital

Contact us

1 London Wall Place
London
EC2Y 5AU
+44 (0)20 7658 7132

Freddie Lower,
Portfolio Director
freddie.lower@cazenovecapital.com

Cazenove Capital is the wealth management business of Schroders in the UK. As a long-established wealth manager with a focus on preserving and growing our clients' wealth, what matters most to our clients, matters most to us. We look after individuals, families, family offices and charities, drawing on our expertise in investment, wealth planning and banking. We are headquartered in London, with offices across the UK.

cazenovecapital.com

WINSTON TAYLOR.

Contact us

5 New Street Square
London
EC4A 3TW
+44 (0)20 7300 4207

James Goold,
Partner
james.goold@winstontaylor.com

Winston Taylor is a transatlantic law firm built for the businesses, people, and markets driving capital and innovation. The firm is present in the major commercial centers that matter to global clients: the U.S., the U.K., Europe, Latin America, and the Middle East. With a team of over 1,400 lawyers, Winston Taylor brings deep experience in major litigation, critical transactions, strategic IP, and private wealth; and four focus sectors: Technology, Media & Telecommunications, Life Sciences & Healthcare, Financial Services, and Projects, Energy & Infrastructure. Whatever the challenge, Winston Taylor is in the room with its clients, shoulder to shoulder in the everyday moments, and the ones that change everything.

winstontaylor.com

The contents of this publication are for general information purposes only and should not be relied on as, or used as a substitute for, professional advice concerning a particular transaction or specific set of circumstances. Each of Corbett Keeling, Cazenove Capital, Winston Taylor and their respective licensors therefore disclaim all liability (whether arising in contract, tort or otherwise) and responsibility arising from any reliance placed on such contents.

UK Private Company Director is published by Corbett Keeling Ltd and all rights in the name UK Private Company Director are owned by Corbett Keeling Ltd. All the contents of this newsletter, including the design, text, graphics, their selection and arrangement, are Copyright © 2026, Corbett Keeling Ltd or its licensors.

ALL RIGHTS RESERVED, and all moral rights are asserted and reserved.