



Employment Rights Act 2025

January 2027 Changes

Change	Detail
<p>Unfair Dismissal:</p> <p>These changes represent a significant increase in protections, at a much earlier stage of employment, along with a significant increase in the value of potential liability.</p>	<ol style="list-style-type: none">1. The two-year service qualifying period for unfair dismissal protection will reduce from 2 years to 6 months. Employee's who already have 6 months' service by this date will immediately be protected2. The cap on compensatory awards for unfair dismissal will be removed entirely3. All staff who are dismissed on or after 6 months' service will be entitled to written reasons for their dismissal4. Removal of the minimum service requirement for unfair dismissal claims relating to the existence of, or failure to disclose, spent convictions.
<p>Fire & rehire:</p> <p>Significant restrictions on employers making changes to terms and conditions of employment will be implemented.</p>	<p>Currently, the dismissal and re-engagement of staff in order to push through a change to their terms and conditions, or to "fire and rehire" remains lawful, subject to consultation and compliance with the relevant Code of Practice. However, the practice still carries employee relations challenges and reputational risk.</p> <p>From January 2027 such a dismissal will become automatically unfair. The restricted variations are yet to be defined but are likely to include pay, bonus/commission, working hours, pensions, shift patterns and time off. In other words, if an employer wants to change a restricted variation, they will need to consult as normal, and if staff still refuse to accept the change, and as a result of this refusal, the employer seeks to force through the change by dismissing them and offering re-engagement on the amended terms, such dismissals will be "automatically unfair".</p> <p>This also covers situations where employers dismiss staff and replace them with self-employed contractors, agency workers or workers who are not employed by the employer if they will be performing essentially the same role.</p> <p>There are likely to be significant (and somewhat unintended) consequences with this amendment, and this will impact organisations more than was originally anticipated.</p> <p>There will be a carve-out for employers who are in very serious financial difficulties affecting their ability to carry on business as a going concern, but this will be limited.</p>

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