

# Employment law: what's changing from October 2026 and January 2027

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Some of the biggest changes under the Employment Rights Act 2025 are coming soon. Two dates are worth putting in your diary: 30 October 2026 (harassment prevention) and 1 January 2027 (probation, senior exits and changing contracts). Here's what's changing, why it matters, and what you can do about it now.

## **30 October 2026: “reasonable steps” becomes “all reasonable steps”**

Since October 2024, employers have had to take “reasonable steps” to prevent sexual harassment at work (you may remember our earlier update on this). From 30 October 2026, the Act raises that to “**all** reasonable steps”.

### **Why one small word matters**

It sounds like a minor tweak, but it makes it much harder to defend a claim. If something goes wrong, it won't be enough to show you did a fair amount. You'll need to show you did everything that could reasonably have been done and be able to prove it.

### **Harassment by third parties**

From the same date, employers could also be held responsible for harassment linked to any protected characteristic (such as race, disability, sex or religion) if they haven't taken all reasonable steps to prevent it. That includes harassment of your staff by people outside your business, such as customers, clients,



suppliers or members of the public. If your people work face-to-face with the public, this is especially important.

### **What employers should do now:**

- Carry out (or refresh) a harassment risk assessment, including where staff deal with customers or work alone or off-site.
- Review your anti-harassment policy and make sure people know how to raise a concern, formally or informally.
- Train everyone on what harassment looks like, and train managers on how to handle a complaint.
- Tell staff what will happen if a customer or client behaves badly, so they feel backed up.

**Keep a record of every step you take. If you can't evidence it, it's hard to rely on it.**

### **1st January 2027: three changes to plan for**

Beyond the legal detail, three changes in particular will affect how you manage probation, handle senior exits and change terms and conditions.

#### **1. Six months to get the hire right**

The qualifying period for unfair dismissal is dropping from two years to six months. That gives you a much shorter window to decide whether a new starter is working out.

A traditional six-month probation period no longer works as a safety net. If you wait until month six to raise concerns, it will be too late. Probation needs to be an active management tool, not just a date in the diary.

- **Actions:** Review your probation process and set clear, structured objectives for the first six months.
- **For example:** Build in regular review points, for example at weeks 4, 12 and 20.
- Make sure managers spot problems early, document them, and make decisions well before the six-month mark.

## 2. Uncapped compensation: higher stakes for senior exits

The cap on compensation for unfair dismissal is also going. Awards will still be based on the loss the person has actually suffered, so it won't mean bigger payouts across the board. But for senior, highly paid people, the potential exposure could be much larger, especially if it takes time to find a comparable role.

That shifts the balance in settlement talks. A senior employee with a credible claim may have more leverage and higher expectations of what it will take to agree an exit.

- **Actions:** Review senior hires early and address any doubts about fit sooner rather than later.
- For senior exits after 1 January 2027, assess your exposure and settlement approach at the very start, not once things have become difficult.

## 3. Less flexibility to change terms and conditions

Dismissing someone and re-engaging them on new terms has always been a last resort. From 1 January 2027 it becomes much harder. Dismissing an employee for refusing certain "restricted variations" will generally be automatically unfair. These include changes to pay, pensions, working hours and contractual time off (and other areas too).



In practice, you'll need to plan changes earlier, consult more carefully, and possibly offer more to get people to agree.

- **Actions:** Look at any changes you're planning and decide whether they should go ahead before January.
- Check your current contracts to see where you have flexibility and where you'll need employee agreement.
- If flexibility is limited, update your contracts for new hires.

### January is closer than it looks

These reforms leave less room to manoeuvre, so a little preparation now will save a lot of stress later. Three things to get moving on:

- Review and tighten your probation processes.
- If a senior hire isn't working out, make the call sooner rather than later.
- Audit your employment contracts and update them where needed.

### How Altogether HR can help

An experienced HR professional can take much of the weight off you. We can run your harassment risk assessment, review your policies, deliver manager and staff training, build a practical probation process, review your contracts and handbooks, and talk through senior exits or contract changes before they become a problem.

Every business is different, and getting this right depends on your people, your sector and your plans. If you'd like a chat about where you stand, we're always happy to talk it through.



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