ALTOGETHER HR

Upcoming UK Employment Law Changes:

A Plain-English Guide for Business Owners and Managers

The Employment Rights Act 2025 is being rolled out in phases through 2026 and 2027, and it represents the biggest shake-up of UK employment law in a generation. You don't need to become an employment lawyer overnight – but you do need to know what's coming, when, and what it means for how you run your business. **Below we break down three of the most significant upcoming changes into bite-size pieces, with practical steps you can start taking now.**

At a Glance

Date	Change	Headline impact
Oct 2026	Duty to prevent third-party harassment strengthened	Documented risk assessments become essential; compensation uplift risk
Oct 2026	Fire and rehire banned in most cases	Contract changes must go through genuine consultation, not dismissal
2027 (TBC, expected Jan)	Unfair dismissal qualifying period cut to 6 months; compensation cap removed	Far more employees protected, sooner; potential awards uncapped

1. The Duty to Prevent Third-Party Harassment

In plain English

Right now, employers must take “reasonable steps” to prevent sexual harassment of staff, including by customers, clients, contractors or other third parties. From October 2026 this duty is strengthened to require “all reasonable steps” – a higher bar – and it will apply to harassment more broadly, not only sexual harassment. Employers will need documented risk assessments showing they identified the risks and did something about them.

Why it matters

If a harassment claim succeeds and the employer hasn't taken the required preventative steps, compensation can be increased by up to 25%. Tribunals and the Equality and Human Rights Commission (EHRC) will expect to see evidence – not just a policy sitting in a drawer, but proof of risk assessments, training records and a working reporting system. Employees can also complain to the EHRC directly.

Examples of what businesses can do to comply

- Carry out a documented harassment risk assessment covering staff, customers, and third parties such as suppliers or contractors (e.g. late-night retail, hospitality with alcohol, lone working, client-facing roles are higher risk).
- Review and refresh your anti-harassment policy so it explicitly covers third-party conduct, not just colleague-to-colleague behaviour.
- Set up a clear, confidential reporting channel and make sure staff actually know it exists (e.g. via induction, intranet, posters in staff areas).
- Train managers to recognise and respond to harassment complaints promptly – delay or inaction is itself a risk factor.
- Add harassment-related questions to staff surveys and exit interviews to catch issues you might otherwise miss.
- Keep a simple log of the steps taken and when – this evidence trail is what protects you if a claim arises.

How Altogether HR can help: One of our team can run the risk assessment for you, benchmark your policy against EHRC guidance, and design manager training – so you have a credible, evidenced defence in place before October 2026, not after a claim lands.

2. Fire and Rehire Practices Banned

In plain English

"Fire and rehire" is where an employer dismisses an employee who won't agree to a change in contract terms (for example, reduced pay or altered hours), then immediately re-engages them on the new terms. From October 2026 this will be automatically unfair in most circumstances. There is a narrow exception where an employer can show genuine financial difficulty threatening the business and no reasonable alternative existed – but it will be a high bar to meet, and it must be genuinely necessary, not just convenient.

Why it matters

Businesses that rely on fire and rehire as a routine tool to push through contract changes – rather than as an exceptional last resort – will be exposed to unfair dismissal claims with no qualifying-service requirement for this type of dismissal. Getting contractual changes wrong could also damage trust and retention well before any tribunal is involved.

Examples of what businesses can do to comply

- Build genuine consultation into any process where you need to change contract terms – start early and be open about the reasons.
- Explore and document alternatives to dismissal (phased changes, voluntary agreement, temporary measures) before considering termination.
- If change is being driven by cost pressures, keep clear financial evidence – you may need to demonstrate genuine necessity.
- Review any contract clauses that currently rely on flexibility/variation rights, and check they're realistic and defensible.
- Train managers and leadership so no one defaults to “dismiss and re-offer” as a quick fix for contract disputes.

> **How Altogether HR can help:** One of our team can help you plan a compliant consultation process for any contract changes, and advise on alternatives that reduce legal risk while still achieving your business objectives.

3. Unfair Dismissal Qualifying Period Cut to 6 Months

In plain English

Currently, employees need two years' continuous service before they can bring a standard unfair dismissal claim. This is expected to fall to just six months. Around the same time, the cap on unfair dismissal compensation (currently no more than 52 weeks' pay) is also expected to be removed. Together, these changes mean far more employees will be able to bring a claim, and potential awards could be significantly higher.

Why it matters

Hiring decisions and early performance management become much higher stakes. Probation periods, onboarding and early feedback processes need to be robust, because a dismissal within the first six to twenty-four months will now carry real legal risk that many employers aren't used to managing this early in someone's employment.

Examples of what businesses can do to comply

- Strengthen your recruitment and selection process now – the cost of a bad hire is about to increase.
- Introduce or tighten structured probation periods with clear objectives, regular check-ins, and documented feedback.
- Train managers to identify and address performance or conduct issues early, with proper documentation from day one.
- Make sure any dismissal – even in someone's first months – follows a fair, documented process (this is good practice already, but will soon be essential).
- Review disciplinary and capability procedures to ensure they're fit for a world with far less “low-risk” dismissal territory.

How Altogether HR can help: One of our team can help you tighten up recruitment, design a genuinely effective probation process, and train your managers to manage performance fairly and confidently from day one – reducing your exposure well before this change takes effect.

The Bottom Line

None of these changes need to be tackled alone, and none of them need to be a fire drill in the month they come into force. Reviewing your policies, training your managers and getting your documentation in order now – well ahead of each deadline – is the difference between being prepared and being caught out.

Whatever stage you're at, working with an experienced HR professional from Altogether HR is the fastest way to turn this legislation into a clear, practical action plan for your business – rather than a list of things to worry about.

Get in touch

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This overview is provided for general guidance and is not a substitute for tailored legal or HR advice. Dates reflect the government's stated implementation timetable at the time of writing and may be subject to change.