

What changes will the Act make to the law once it comes into force?

- Section 25 of the Employment Rights Act 2025 will reduce the qualifying period for protection against 'ordinary' unfair dismissal from two years to six months and will remove the power to vary the qualifying period further without primary legislation.
- Schedule 3 to the Act will reduce the qualifying period for employees' right to request written reasons for dismissal from two years to six months.
- Schedule 3 will also remove the qualifying period for protection against unfair dismissal for reason of spent convictions.
- The section of the Employment Rights Act 1996 (section 124) which deals with the cap on compensatory awards will also be removed completely.

The Employment Rights Act 2025 does not change the current existing day one protections against discrimination and automatically unfair grounds for dismissal.

Extending employee protections against unfair dismissal will strengthen employment rights and reduce one-sided flexibility in the workplace, increasing job security for employees in England, Scotland, and Wales. This will benefit millions of working people who will gain new rights whilst ensuring employers have flexibility to hire and make HR decisions.

How is this different from the previous legislation?

- Currently, employees must have worked for their employer for a minimum of two years before they qualify for the right to claim for 'ordinary' unfair dismissal at a tribunal. Upon implementation, this qualifying period will be reduced to six months.
- The existing right to request written reasons for dismissal is also currently subject to a two-year qualifying period (except where the dismissal takes place during pregnancy, maternity leave or adoption leave). Upon implementation, the qualifying period for this will also be reduced to six months.
- The Act will also remove the existing cap on compensatory awards for unfair dismissal (which as of 6 April 2026 is the lower of either £123,543 or 52 weeks' gross pay).

When will these changes come into force?

- The Government intends to commence the package of changes relating to unfair dismissal on 1 January 2027.
- The Government's intention is to adopt a commencement approach which would, from that date, extend protection against 'ordinary' unfair dismissal immediately to employees who already have six months' service or more. Other employees will gain this protection once they reach six months' service.

What further detail will be consulted on and when?

- The Government does not intend to consult further on these provisions. These measures are the conclusion of a series of constructive, government-convened conversations between trade unions and business representatives, and follow rigorous parliamentary debate.

Key Stats

- Around 6.3 million employees (22% of all employed 16+) have been working with their current employer for between six months and two years, so have only very limited protection against unfair dismissal.¹
- Many businesses (around 40%) operate discretionary probationary periods, and the vast majority are six months or less.²
- In practice, when claims for unfair dismissal succeed at employment tribunal and the tribunal awards compensation to the dismissed employee, few compensatory awards reach the current cap. In 2023/24, there were 646 awards for unfair dismissal in employment tribunals reported, and the median award was £6,746.³

Common questions

Why have the Government opted for a six-month qualifying period instead of day one protections?

- The measures in the Employment Rights Act 2025 will improve the rights of millions of working people. However, no employees would benefit from improved rights if the Bill had remained stuck in Parliament.
- The Government's programme of tripartite collaboration with business groups and trade unions agreed that a six-month qualifying period for protections against unfair dismissal is a workable deal for both employers and employees alike.
- This approach places Britain's protections against unfair dismissal amongst the strongest in the world, whilst ensuring employers retain the ability to properly assess whether new recruits are a good fit during their first months of employment.

How do these changes affect other workers?

- Protection against unfair dismissal applies only to employees and that will continue to be the case, although the Government intends to continue to explore the expansion of this right to others.
- It was clear that some reforms in *The Plan to Make Work Pay* would take longer to undertake and implement. The Government continues to assess options for improving the employment status framework.

Why has the Government removed the compensation cap for unfair dismissal tribunal claims?

- It is important that when there is a finding of unfair dismissal at tribunal, the claimant is fairly compensated for any loss they have suffered. By lifting the cap, this will deter employers from treating the cost of dismissing employees unfairly as part of business as usual.
- The Government also believes that the cap on compensatory awards for unfair dismissal has created a systemic incentive for claimants to construct complex cases which allege both unfair dismissal and discrimination to access uncapped compensation. These types of claims are more complex and take longer for the tribunal to handle. By lifting the compensation cap for ordinary unfair dismissal claims, this incentive will be lessened, making it easier for tribunals to reach a judgment more quickly and decreasing burdens on the system.

¹ Department for Business and Trade analysis of Labour Force Survey. Analysis based on Q1 2022 to Q4 2024 release.

² Office for National Statistics. '[Business insights and impact on the UK economy Wave 133](#)'. 2025

³ Ministry of Justice. '[Employment Tribunal Data 2023-24](#)'. 2024