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Businesses Warned Not to Underestimate the Impact of Workplace Law Changes

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With major employment law reforms on the horizon for 2027, businesses across the UK are being warned not to underestimate the scale of change coming into force over the next 12 months.

The reforms – which include expanded unfair dismissal rights after six months' service, significant zero-hours contract changes, and mandatory equality action plans for larger employers – are expected to have a substantial impact on how businesses recruit, manage and retain staff.

James Howell, Managing Director of corporate law specialists Rubric Law, offers expert legal insight into why employers should begin preparing now, the practical risks businesses may face if they delay action, and the key areas organisations should already be reviewing ahead of the changes taking effect.

James said: "While many businesses are aware that employment law reforms are coming in 2027, we still believe a significant number are underestimating just how disruptive some of these changes could become if they leave preparations too late.

"One of the most significant changes will be the reduction in qualifying service for unfair dismissal rights, moving from two years down to just six months. From an employer's perspective, this will impact the risk profile around recruitment, probation periods, performance management and dismissals.

"For many businesses, particularly SMEs without large internal HR teams, the current systems and procedures simply may not be robust enough within a six-month timeframe. Employers will need to ensure probation processes are properly documented, performance concerns are addressed earlier than they may be at present, and that managers are trained to handle issues consistently and lawfully from day one.

“The proposed reforms around zero-hours and variable-hours contracts will also create new pressures around compliance. Businesses that have traditionally relied on workforce flexibility may need to rethink their staffing models, especially when workers become entitled to guaranteed hours based on historic working patterns.

“We expect that many employers will now begin reviewing their existing employment contracts, rotas, shift notice procedures and wider workforce structures well ahead of implementation. For sectors heavily reliant on casual labour – such as hospitality, retail and logistics – these changes could be especially significant.

“Alongside this, larger employers will face additional obligations around gender equality and menopause action plans, reflecting a wider move towards increased accountability on workplace culture, employee wellbeing and equality measures.

“The key issue for employers is that these changes are not simply policy updates that can be dealt with overnight. Updating contracts, revising handbooks, retraining managers, auditing HR processes and ensuring legal compliance across an organisation will all take time and careful planning in order to be completed successfully.

“UK businesses that act early will place themselves in a far stronger position to adapt smoothly and reduce potential legal exposure. Those who wait until the legislation is already in force risk finding themselves reacting to problems rather than proactively managing them.

“Our advice to employers is straightforward: treat 2027 as a live business planning issue now, not something to revisit at the last minute.”