

The employer's guide to the new 6-month dismissal rules



From 1 January 2027, the qualifying period for unfair dismissal claims drops from 2 years to 6 months.

That 2-year window where you could informally manage someone out with relatively low legal exposure? No more.

Anyone you employ from 1 July onwards can bring an unfair dismissal claim after just 6 months. The first claims could land as early as January 2027.

On top of that, the Employment Rights Act is expected to extend the tribunal time limit from 3 to 6 months (likely October 2026), giving employees a longer window to act.

This might sound like a distant policy change, but it affects every hiring decision, every probation period and every difficult conversation you have from this summer onwards.

This guide will walk you through what you need to know and what to do about it.



Pillar 1: Onboarding

The first few weeks for a new hire set the tone for the entire employment relationship.

If someone struggles from the start and you have no record of what they were told, shown or trained on, you have no defensible position later. A tribunal will want to see that the employee was given a fair chance to succeed, and that starts on day 1.

A structured onboarding process doesn't need to be complicated. It needs to be clear.

Make sure every new starter receives:

- Written confirmation of their role, responsibilities and what success looks like
- A proper induction covering your policies, how your business operates and who they report to
- Early introductions to the team so they're integrated, not isolated
- A documented record of what was covered and when

If you're hiring someone into a small team, this matters even more. There's less room for someone to quietly figure things out on their own and problems surface faster when they do.



Pillar 2: Probation

Most probation processes we see are a clause in a contract and nothing else.

Under the new rules, that's not good enough.

The statutory "initial period of employment" will apply, but it doesn't remove the employee's right to claim unfair dismissal. It simply creates a lighter-touch process for ending employment during that window. You still need to show that your decision was fair and reasonable.

A proper probation process needs:

- Clear criteria for what "passing" probation looks like
- Structured review points (for example, at week 2, month 1, month 2 and month 3)
- Documented feedback at each stage
- A formal outcome confirmed in writing

If concerns come up, raise them early. Be specific. Put them in writing. Offer support and a reasonable chance to improve.

The worst thing you can do is sit on concerns for weeks and then fail someone at the end of probation with no warning. That's exactly the kind of process a tribunal will pick apart.

Pillar 3: Performance management

It's easy to get caught out with this one.

Often, the biggest risk is good managers who avoid difficult conversations and leave no paper trail. When there's no record of concerns being raised, feedback being given or support being offered, you have no defence if someone brings a claim.

Fair process needs to start from day 1.

That means:

- Regular one-to-ones where performance is discussed honestly
- Clear objectives so people know what they're working towards
- Documented feedback, both positive and where improvement is needed
- A consistent approach across the business, not different standards for different people

Managers need to be trained on this. They need the confidence to have honest conversations early and the knowledge to document properly.

They are your biggest risk and your best defence.



What you need to do before 1 July

Start with your hiring. The best way to reduce tribunal risk is to recruit well in the first place. Tighter hiring decisions mean fewer problems down the line.

Then look at your probation process. If it's just a contract clause with no review structure behind it, fix that now.

Make sure that everything is documented from day 1. If it's not written down, it didn't happen. This will be your evidence if a claim is brought.

Train your managers on fair process. They're the ones having (or avoiding) the conversations that determine whether your business is protected.

Review your contracts. Do they reflect the new legal landscape?

And if you're unsure where the gaps are, get advice before acting. An HR consultant can audit your readiness in a single session.

What this actually costs when it goes wrong

The average unfair dismissal award is currently around **£13,749**.

The median sits at £6,746.

The maximum compensatory award cap is £118,223 or 52 weeks' gross pay, whichever is lower.

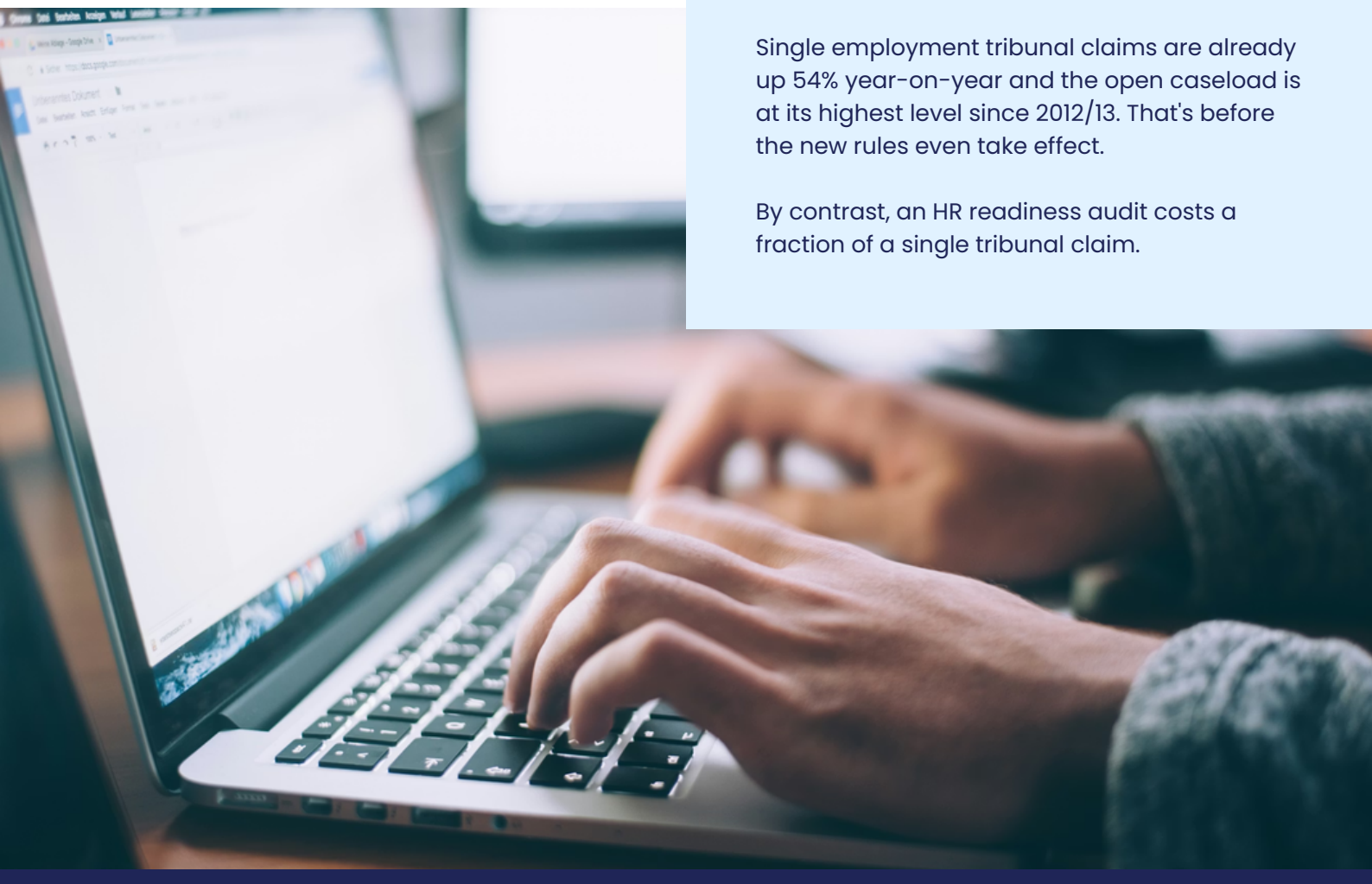
For whistleblowing or health and safety dismissals, there's no cap at all. The ERA also includes provisions to potentially remove the cap entirely for unfair dismissal in the future.

But those headline figures massively understate the real cost.

Most cases settle before they reach a tribunal, often for higher amounts that never show up in published statistics. On top of any award or settlement, you're looking at legal fees, months of management time and distraction, lost productivity, reputation damage and the cost of recruiting a replacement. The total cost of a single claim is always significantly more than the award figure alone.

Single employment tribunal claims are already up 54% year-on-year and the open caseload is at its highest level since 2012/13. That's before the new rules even take effect.

By contrast, an HR readiness audit costs a fraction of a single tribunal claim.



We're here to help

With an audit, we can review your current hiring, probation and performance processes. We'll identify the gaps that could expose you to claims under the new rules and help you to put the right structure in place before 1 July.

The deadline is approaching.

If you haven't reviewed your processes yet, now is the time. Reach out to us today and we'll help you to prepare.

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