Newsletter

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Six Months Is The New Two Years: Are You Ready?

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Can't Beat Them on Salary? Beat Them on Benefits

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Six Months Is The New Two Years: Are You Ready?

For over a decade, employers have had a two-year buffer before unfair dismissal claims could land on their desk. That buffer is about to shrink by 75%.

What's changing

Under the Employment Rights Act 2025, the qualifying period for ordinary unfair dismissal protection drops from **two years to six months**, effective **1 January 2027**. It's retrospective too - anyone with six months' service by that date is protected the moment the clock strikes midnight. There's no grace period to grow into.

And it's not just the timeline. The compensation cap (currently the lower of £123,543 or 52 weeks' pay) is being scrapped entirely, uncapping tribunal awards for the first time since unfair dismissal law began in 1972.

Why it matters

The government estimates around 6.3 million employees - roughly 22% of the working population - currently sit in that six-month-to-two-year window. Come January 2027, all of them gain protection they don't have today.

For employers, the old playbook of using the two-year mark as an informal extended probation is gone. Six-month probation periods, once a safe zone, now sit right on the line where dismissal risk kicks in.

What SME Businesses should do now

- **Audit probation periods.** If yours run to six months, build in earlier, more rigorous checkpoints. Consider reducing to 4 months to allow time for extensions.
- **Tighten documentation.** Fair reason and fair process now need to be demonstrable from month one, not month twenty-three.
- **Train line managers early.** Waiting until late 2026 leaves no runway.
- **Review contracts and offer letters** referencing the two-year threshold - these need updating before 31 December 2026.

Eighteen months feels like a long runway. It isn't. The organisations that start adapting probation, performance management, and documentation practices now will be the ones not scrambling in Q4 2026.

Agile HR Consulting can help you audit your dismissal processes and probation policies ahead of the 2027 change - get in touch to book a review.

Statistical Leave: The Cheat Sheet Every Manager Needs

"Can I take time off for that?" It's one of the most common questions HR fields - and one of the easiest to get wrong. Here's the quick rundown of what UK law actually requires.

Annual leave Every worker gets 5.6 weeks paid holiday a year - 28 days for a standard five-day week, capped at 28 regardless of how many days they work. Bank holidays can be included in that figure or given on top; it's the employer's call.

Sick leave (SSP) Since April 2026, the old three-day unpaid waiting period is gone - Statutory Sick Pay now kicks in from day one of eligible sickness, currently £123.25 a week or 80% of average earnings, whichever is lower, for up to 28 weeks.

Maternity, paternity and adoption leave Day-one rights for maternity and adoption leave; paternity leave has its own eligibility rules. All three come with statutory pay entitlements, and holiday keeps accruing throughout.

Shared parental leave Lets eligible parents split leave and pay between them after the child's birth or placement, instead of it all sitting with one parent.

Unpaid parental leave Separate from the above - up to 18 weeks per child, unpaid, for eligible parents to take before the child turns 18.

Bereavement and compassionate leave Statutory bereavement leave applies in specific circumstances (including parental bereavement leave for the loss of a child). Beyond that, most compassionate leave is discretionary, not a legal minimum.

Time off for public duties Jury service, magistrate duties and similar civic roles come with a right to time off - pay during that time isn't automatically guaranteed, but many employers offer it.

The Bottom Line

Statutory leave isn't one policy - it's a patchwork of separate rights, each with its own eligibility rules, pay treatment and notice requirements. Treating them all as "just holiday" is where employers get caught out.

Not sure your leave policies reflect the latest rules? Agile HR Consulting can review your handbook and flag the gaps - get in touch.

Can't Beat Them on Salary? Beat Them on Benefits

Here's the reality for 2026: salary alone isn't winning the war for talent anymore. More than half of UK employees say they're job-hunting for better benefits, not just better pay - and 77% of SMEs are now planning an overhaul of their packages to keep up. If you're an SME competing against bigger budgets, your benefits package is where you level the playing field.

Start with the essentials, done well

Before anything flashy, nail the core three: pension, healthcare, and mental health support. These are consistently what jobseekers rank highest - and where SMEs are most likely to invest next. A well-run pension scheme and a solid healthcare cash plan will do more for retention than a ping-pong table ever will.

Then build in flexibility

The single biggest shift this year is away from fixed, one-size-fits-all packages toward flexible benefits — letting employees choose what matters to them. A 25-year-old renting might want more take-home pay; a parent of two might want extended family healthcare cover. Flexible schemes let you meet both without expanding your budget.

Don't skip the low-cost wins

Hybrid and flexible working, EAPs (employee assistance programmes), and life assurance are relatively cheap to implement and consistently show up as things employees value most - often more than they'd predict themselves.

Use tax-efficient structures

Salary sacrifice schemes (pension, EV, cycle-to-work) stretch your budget further and soften the blow of rising employer National Insurance costs. Speak to a benefits consultant before you commit - getting the structure right matters as much as the benefit itself.

Communicate it properly

A great package that nobody understands is a wasted package. Regular, clear communication about what's on offer - and why - is consistently flagged as the difference between a benefits scheme that drives loyalty and one that just sits in the handbook unused.

The bottom line

You don't need a big-company budget to build a benefits package that competes. You need the right core benefits, some flexibility, tax-smart structuring, and a team that actually knows what's on offer.

Not sure where your package stands against the competition? Agile HR Consulting can benchmark your benefits and help you build a plan that fits your budget - get in touch.