

**Upcoming Ban Overview:** The practice of ‘Fire & Rehire’, where employers terminate contracts to rehire on new terms, is facing major restrictions under new UK legislation. The Employment Rights Bill, expected to be enacted by October 2025, aims to limit this practice significantly.

## Key Changes:

- ✓ **New Legislation:** The bill will restrict the ability of business owners to change employee contracts by dismissing and rehiring, emphasising mutual agreement for contract changes.
- ✓ **Unfair Dismissal:** Terminating an employee for refusing new terms will be deemed automatically unfair dismissal, enhancing worker protections.
- ✓ **Industries Affected:** Sectors reliant on flexible workforces, like hospitality and security, may face challenges as changes in working conditions will require explicit employee consent.

## Proactive Measures for Business Owners:

- ✓ **Review Practices:** Assess and update current contracts, policies, and strategies to ensure compliance and avoid risks.
- ✓ **Adopt New Guidelines:** Incorporate the forthcoming statutory Code of Practice into business procedures to manage contract changes effectively and minimise liabilities.

## Limited Exceptions:

Permissible Situations: Dismissal and re-engagement may be allowed only if:

- Contractual changes are essential to prevent severe financial hardship.
- No reasonable alternatives exist.
  - ✓ **Evidence Requirement:** Businesses must provide compelling evidence and maintain records to justify exceptions.

## Risks and Compliance:

- ✓ **Avoiding Disguised Practices:** Attempts to mask ‘Fire & Rehire’ as redundancy or rely solely on variation clauses pose significant legal risks.
- ✓ **Tribunal Scrutiny:** Tribunals will closely examine contract changes presented as redundancy without genuine job elimination.

**Conclusion:** Business owners must transition towards mutual agreements for contract changes to align with legislative trends and reduce legal risks.

Being prepared for these changes is crucial for maintaining compliance and protecting your business reputation.

If you need assistance navigating these new regulations, Tick HR® Solutions Ltd is here to provide expert guidance and support tailored to your business needs.