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Labor & Employment Update

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UK Announces Crackdown on Non-Compete Clauses and Long Notice Periods

If implemented, the proposals would upend the status quo – significantly limiting employers' ability to stop departing employees from joining or setting up a competitor, and potentially capping the notice periods employers can require.

Speaking at the Innovation Nation Summit in Manchester on 9 October 2026, Prime Minister Andy Burnham announced that the UK Government will legislate to curb the use of non-compete clauses. So far, however, the Government has stopped short of committing to an outright ban. Further detail is expected in the coming weeks – reportedly alongside the Autumn Budget on 28 October 2026.

The Prime Minister said that some businesses had “gone too far” in their use of non-compete clauses, describing them as a “drag on innovation”, and confirmed that the Government will legislate to ensure they are no longer a “barrier” to hiring for the country’s most promising start-ups and scaling firms.

The Government has also confirmed that it will look at wider restrictive practices, starting with notice periods.

The Government will, of course, need to weigh the counter-argument: that businesses can build up extremely valuable trade secrets and confidential information, and that lengthy notice periods, non-compete clauses and other restrictive covenants are necessary to protect such information from competitors.

Current position

Although UK law sets minimum statutory notice periods for ending an employment relationship, there is no statutory maximum, and it is down to the parties to agree the length of notice that should be given. In practice, a long notice period only operates as a restraint on the employee where the employer places them on garden leave – keeping them employed (and paid) but away from work, clients and colleagues. Garden leave is therefore distinct from a post-termination non-compete, although the courts will take any period of garden leave into account when assessing whether a non-compete is reasonable.

A non-compete clause restricts an employee from competing with their former employer for a set period after their employment ends. Its scope depends on the drafting: restrictions range from narrow clauses preventing an employee from working in a specific business area that directly competes with their former role, to far broader restrictions barring them from working for any business with competing operations anywhere in the world.

There is currently no statutory limit on the length or scope of non-compete clauses. However, as restraints of trade, they are unenforceable unless they go no further than is reasonably necessary to protect the company's legitimate business interests. In short, they are already difficult to enforce, and the courts scrutinise them closely.

Potential reform

The Government has yet to publish details, and the 9 October 2026 announcement was light on specifics. Possible reforms include:

- **Notice periods:** A statutory maximum notice period, either across the board or tiered by role (e.g. a single six-month cap, or three months for some roles and six months for others).
- **Non-compete clauses:**
 - A statutory cap on the duration of non-compete clauses (the previous Government proposed a three-month limit in 2023).
 - A salary threshold below which non-compete clauses cannot be used.
 - A requirement to pay employees for the duration of any non-compete restriction.
 - A partial ban – for example, prohibiting non-competes in certain sectors (such as tech) while permitting them in others (such as financial services), or targeting the restrictions at start-ups and scale-ups.

The proposals are likely to divide opinion. They will be warmly welcomed by fast-growing start-ups competing for talent, but less so by businesses in more established sectors such as financial services, where non-competes are not only part of the furniture but are considered essential to protect confidential information and trade secrets.

The Government has been considering its position on non-compete clauses for several years. What remains to be seen is how quickly it will legislate and, just as importantly, the scope of any new rules and the exclusions that apply. In the meantime, employers may wish to review their current use of non-competes and notice periods and consider how they would protect confidential information and client relationships if those tools were curtailed.

The following Gibson Dunn lawyers prepared this update: Robbie Sinclair and Dominique Holbrook.

Gibson Dunn's Labor & Employment lawyers are available to assist in addressing any questions you may have regarding these developments. Please contact the Gibson Dunn lawyer with whom you usually work, any leader or member of the firm's practice group, or the authors:

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