

UK Government Publishes Working Paper on Reform of Non-Compete Clauses

By Jonathan C. Maude, Daniel Stander, Rachel Easton and Eve Hoban

9 December 2025

On 26 November 2025, the UK government published a [working paper](#) seeking views on options to reform the law governing non-compete clauses in employment contracts. A non-compete is a clause which prevents an employee from joining a competing business for a defined period after their employment ends to protect the employer's legitimate business interests.

This latest initiative follows earlier consultations in 2016 and 2020 and the former government's 2023 announcement of its intention to limit the length of non-compete clauses to three months. No legislation was ultimately introduced before the 2024 general election, so the law in this area has, to date, remained unchanged.

Options for reform in the UK

The government remains concerned about the potentially overly restrictive effect of non-competes. Whilst recognising their potential advantages, the working paper concludes that such restrictions can "*limit worker mobility*", put "*pressure on wages*", "*act as a brake on entrepreneurial activity*" and "*restrict competition*".

Against that backdrop, the working paper seeks views on four options for reform:

1. A universal statutory limit on the length of non-compete clauses.
2. A statutory limit on the length of non-compete clauses according to company size.
3. An outright ban on non-compete clauses.
4. A ban on non-compete clauses for workers below a specified salary threshold.

Impact of the proposed reforms

For UK employers, any of the options on the table would require more than a quick contract refresh. Businesses would need to map which roles genuinely justify post-termination restraints, reset their risk model around longer notice periods, garden leave, confidentiality and non-solicitation protections, and ensure those measures are consistently applied and well documented. In practice, that is likely to increase retention and poaching risk at senior and client-facing levels, and may also drive up the internal cost of managing exits and restrictive covenant disputes.

Although the working paper currently focuses on non-compete reform, it also asks "*whether restrictions should be limited to non-compete clauses only or should also apply to other restrictive covenants*". This leaves open the possibility of future changes to the legal framework for non-solicitation and non-dealing clauses, meaning employers should avoid treating those provisions as an easy fallback and instead keep their wider restrictive covenant strategy under review.

Reflections from the US

By contrast, in the United States the FTC's attempt to introduce a nationwide ban on most employee non-competes has effectively stalled, after federal courts held that the FTC lacked authority to implement the rule and the FTC withdrew its appeals in September 2025.

Whilst that makes far-reaching federal reform less likely in the short term, the UK's consultation is more in keeping with the wider global trend towards tighter controls on the use of non-competes rather than their expansion.

What's next?

The working paper underlines the UK government's intention to continue its employee-friendly approach to regulation. However, the wide range of options on the table means that, at this stage, the final shape of any reform is far from settled. Any changes would require the implementation of primary legislation, so reform will not happen overnight.

Importantly, until any changes are brought into force, employers should continue to follow current best practices when entering into post-employment restrictions in the UK, ensuring that any non-compete (and related clauses) are reasonable in scope and duration and are narrowly tailored to protect legitimate business interests in the UK.

The government is inviting responses to the working paper before it closes on 18 February 2026.

If you have any questions relating to post-termination restrictions in the UK, contact your Vedder Price solicitor and watch for more updates related to the government's response to the outcome of its working paper.

vedderprice.com