

Employment Rights Act 2025

– an overview



What is the Employment Rights Bill (now the Employment Rights Act 2025)?

Biggest upgrade to workers' rights in a generation comes one step closer



POLITICS

'I take full responsibility for this error' - Angela Rayner's resignation letter in full

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A significant number of changes....

Unfair Dismissal Rights from 6 months	Changes to Zero Hours Contracts	Equality Action Plans
Changes to Statutory Sick Pay	Duty to take all reasonable steps to prevent sexual harassment (including third party harassment)	Menopause Action Plan
Flexible Working	Enhanced Protection for Pregnancy and New Mothers	Adult Social Care Negotiating Body
Changes to "Fire and Rehire"	Trade Union Reforms	Ethnicity and Disability Pay Gap Reporting
School Support Staff Negotiating Body	Public Sector Outsourcing	Day 1 Rights for Parental, Paternity and Bereavement Leave
Extension of Employment Tribunal time limits for bringing a claim	Whistleblowing Protection	Non-disclosure agreements
Collective Redundancy Consultation	Fair Work Agency	Tips and gratuities



Employment Rights Act 2025

2025 CHAPTER 36

An Act to make provision to amend the law relating to employment rights; to make provision about procedure for handling redundancies; to make provision about the treatment of workers involved in the supply of services under certain public contracts; to provide for duties to be imposed on employers in relation to equality; to amend the definition of "employment business" in the Employment Agencies Act 1973; to provide for the establishment of the School Support Staff Negotiating Body and Social Care Negotiating Bodies; to amend the Seafarers' Wages Act 2023; to make provision for the implementation of international agreements relating to maritime employment; to make provision about trade unions, industrial action, employers' associations and the functions of the Certification Officer; to make provision about the enforcement of legislation relating to the labour market; and for connected purposes.

[18th December 2025]

**Will everything
contained in the
Employment Rights Act
2025 immediately
become law now it has
received Royal Assent?**



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Employment Rights Act: timeline update

Consultations

“The government continues to undertake extensive engagement and consultation on the implementation of the Plan to Make Work Pay and the Employment Rights Act 2025 to ensure that these changes work for both workers, and businesses of all sizes.”

Measures that took effect at Royal Assent, December 2025

- Repeal of the Strikes (Minimum Service Levels) Act 2023.

Employment Rights Act – implementation timetable

- The repeal of the great majority of the Trade Union Act 2016, thereby simplifying requirements on trade unions, including in relation to industrial action and political funds.
- Removing the 10-year ballot requirement for trade union political funds.
- Simplifying industrial action notices and industrial action ballot notices.
- Protections against dismissal for taking industrial action.
- Employees that are newly eligible for “Day 1” Paternity Leave and Unpaid Parental Leave can give notice.

Employment Rights Act – implementation timetable

Measures that took effect on 6 April 2026

- Doubling the maximum period of the collective redundancy protective award;
- Day one rights to paternity leave and unpaid parental leave;
- Whistleblowing – strengthening protections for workers who “blow the whistle” on sexual harassment;
- Removal of the Lower Earnings Limit and waiting period for SSP;
- Simplifying the trade union recognition process;
- Action plans on gender equality and supporting employees through the menopause (voluntary);
- “Menopause guidance”.

Employment Rights Act – implementation timetable

Measures that took effect on 7 April 2026

- The establishment of the Fair Work Agency

Measures that will take effect in August 2026

- Electronic and workplace balloting for Statutory Trade Union Ballots

Employment Rights Act – timetable

October 2026

- Requirement for employers to take all reasonable steps to prevent sexual harassment of their employees;
- Introducing an obligation on employers not to permit the harassment of their employees by third parties;
- Introducing a power to enable regulations to specify steps that are to be regarded as “reasonable”, to determine whether an employer has taken all reasonable steps to prevent sexual harassment;
- Tightening of tipping law;
- Two-tier procurement code for outsourced public sector workers;
- Bringing forward regulations to establish the Fair Pay Agreement Adult Social Care Negotiating Body in England;
- Employment tribunal time limits.

Employment Rights Act – timetable

October 2026

- New rights and protections for trade union representatives;
- Protection against unfair practices in the trade union recognition process;
- Extending protections against detriments for taking industrial action;
- Duty to inform workers of their rights to join a trade union;
- Strengthening of trade unions' rights of access to workplaces.

December 2026

- Commencement of the Mandatory Seafarers' Charter.

Employment Rights Act – timetable

January 2027

- Reduction of unfair dismissal qualifying period to 6 months for dismissals from 1 January 2027, and uncapping compensatory awards;
- Fire and re-hire protections.

2027

- Ending the exploitative use of zero hours contracts;
- Requirement for employers to produce equality action plans, covering the steps they are taking to address their gender pay gap and support employees going through the menopause;
- Enhanced dismissal protections for pregnant workers and new mothers;
- Extending blacklisting protections;
- New collective redundancy consultation threshold;
- Introduction of reasonableness requirement to refuse flexible working requests;
- Day one rights to bereavement leave including pregnancy loss .

Employment Rights Act – timetable

2027

- Industrial relations framework;
- Extending blacklisting protections;
- Electronic and workplace balloting for recognition and derecognition ballots;
- Outcomes arising from the School Support Staff Negotiating Board will be from 2027-28 financial year at the earliest.

Commencement date unknown

- Working time records (this is now effective from 6th April 2026);
- Banning NDAs in discrimination and harassment cases.

**Unfair dismissal –
existing two year
qualifying period
reduced to six months**



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What is the implementation date for the reduction in the qualifying period?

The government intends to commence the package of changes relating to unfair dismissal on 1 January 2027. This would mean employees with at least six months' service at that date will be protected from unfair dismissal.



Considerations

- Consider the length of your current probation periods and/or notice periods. 6 month probation periods may need to be reconsidered if possible.
- Review your recruitment processes – do you have a high turnover of short service staff?
- Line managers will be key – probation periods will need careful management with regular touch points.
- Those who you are recruiting now, will have unfair dismissal protection much sooner if they have 6 months service on the 1st January 2027.

**The caps on the
compensatory awards
for ordinary unfair
dismissal will be
removed**



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Measure	Impact on Acas (EC case numbers)	Impact on Employment Tribunals	Justification
Reducing the qualifying period for unfair dismissal to six months and removing the compensation cap	Increase - Estimated at 9,000 additional Acas claims.	Increase- Estimated impact of an additional 3,000 ET1 cases of which 570 progress to require judicial time	This change reduces the qualifying period for unfair dismissal to six months, granting around an additional 6.3 million employees the right to make an unfair dismissal (UD) claim if they are dismissed. The Unfair Dismissal jurisdiction accounted for 12% of all jurisdictional complaints to ETs in 22/23. Therefore, this policy represents the largest expected impact on the existing system. ²⁷⁷

Potential changes in employment practices

- The employment tribunal will be more attractive to high earners
- It will inevitably become more costly / difficult to negotiate exits of employees from organisations
- Disabled and/or older employees may claim lifelong losses
- Probation period dismissals will be key for employees who show signs of being a poor fit for your organisation.

Time limits for making an employment tribunal claim

- **Now:** Most tribunal claims need to be brought within three months of the act complained of (e.g. dismissal, discrimination etc).
- **What the ERA says:** The ERA was amended during its progress through parliament to extend time limits for bringing tribunal claims from three to six months. This will apply to all types of claims, including discrimination and unfair dismissal (although not for breach of contract claims arising or outstanding on termination – it is unclear if this exclusion is intentional or not).
- **What next:** The government anticipates these changes will come into force in October 2026. Prudent to start checking your data retention policies now!

Acas early conciliation period increased from six to 12 weeks from 1 December 2025

Employment Tribunal time limit extension	Increase - Estimated at 6,250 additional Acas notifications.	Increase- Estimated impact of an additional 2,100 additional ET1 cases of which 390 require judicial time	The extension to ET time limits is estimated to lead to a 5% increase in case numbers. There is no assigned jurisdiction, as it is assumed to apply equally to all areas.
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Matters may take much longer to reach final hearing....

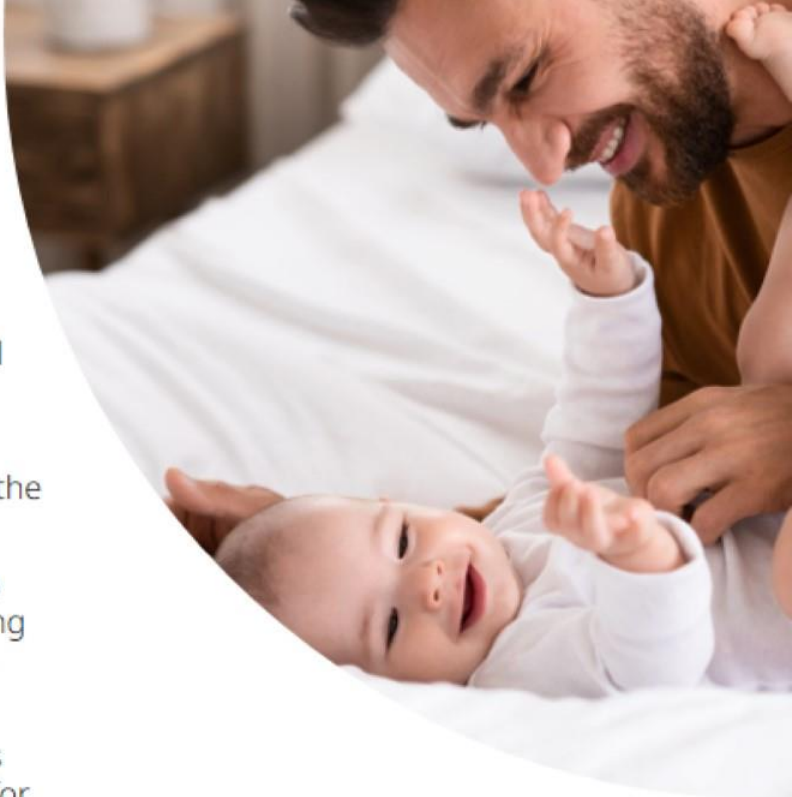
- Ensure that contemporaneous notes are taken of all conversations / meetings / decisions.
- If a key witness leaves your organisation prior to any employment tribunal hearing, be prepared to obtain as much information as possible and explain the support you will require from them.

Statutory Sick Pay

- **Previous position:** Statutory sick pay is payable from day four of sickness, and employees need to be earning above the weekly lower earnings limit (currently £123) to qualify.
- **What the ERA says:** SSP is now payable from day 1 of sickness and payable for the first 3 Qualifying Days of sickness. In addition, the lower earnings limit has been removed, meaning that all eligible employees, regardless of earnings, will be entitled to SSP - which will be the lower of the “prescribed weekly rate” and 80% of normal weekly earnings.
- **What next:** This took effect on the 6th April 2026.

Changes to family leave

- The Employment Rights Act have made paternity and unpaid parental leave day one rights from 6 April 2026.
- **Parental leave** -newly eligible parents who have gained the right to unpaid parental leave on 6 April 2026 were able to give notices from the 18th February 2026 in relation to that leave.
- **Paternity leave** – as well as providing for day one paternity leave, the ERA also removes the restrictions on taking paternity leave or receiving statutory paternity pay following a period of shared parental leave or shared parental pay.
- The system of **parental bereavement leave** will be widened (which is already a day one right) to encompass a more general right to leave for bereavement and pregnancy loss (including pregnancy loss before 24 weeks) – likely to implemented in 2027.



Working time records

New obligations on employers to keep certain records relating to annual leave and pay from 6th April 2026.

Employers will need to keep adequate records to demonstrate compliance with:

- Entitlement to annual leave.
- Entitlement to additional annual leave.
- Entitlement to annual leave of irregular hours and part-year workers.
- Entitlement to pay for annual leave.
- The requirement to make a payment in lieu of holiday outstanding on termination of employment, including holiday carried forward from a previous leave year.
- The requirement to make a payment to irregular hours workers and part-year workers in lieu of holiday outstanding on termination of employment.

Fair Work Agency

- A Fair Work Agency has been formed which brings together the existing enforcement functions of HMRC (in relation to the National Minimum Wage), the Employment Agency Standards Inspectorate and the Gangmasters and Labour Abuse Authority.
 - ordered by an employment tribunal or settlement sums agreed in a COT3, payment of the National Minimum Wage and various duties on employers such as the duty to keep records, payment of holiday pay and rolled up holiday pay etc.
- The Fair Work Agency will have responsibility for enforcing “relevant labour market legislation” including payment of SSP, the payment of sums
- The FWA was established on the 7th April 2026.





Department for
Business & Trade



Fair Work
Agency

Code of Practice on Fair Work Agency Labour Market Enforcement Undertakings and Orders

7 April 2026

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Preparing for the FWA



Fair Work
Agency

- The FWA has the power to investigate and require individuals to attend meetings, answer questions and provide information or documents.
- This includes the power to enter premises to inspect documents or access computers or other equipment.
- The FWA will have the power to require an individual to provide information or documents by a specified date, where the FWA reasonably believes that the person is able to provide the information or document and it is necessary for any enforcement purposes.

How would this work in practice?

- Who would the FWA want to speak to?
- Who has access to the “information or documents?”
- Do you need to prepare this person for the FWA approaching them for this information?
- Are your records sufficiently accurate, accessible and up to date to demonstrate compliance?

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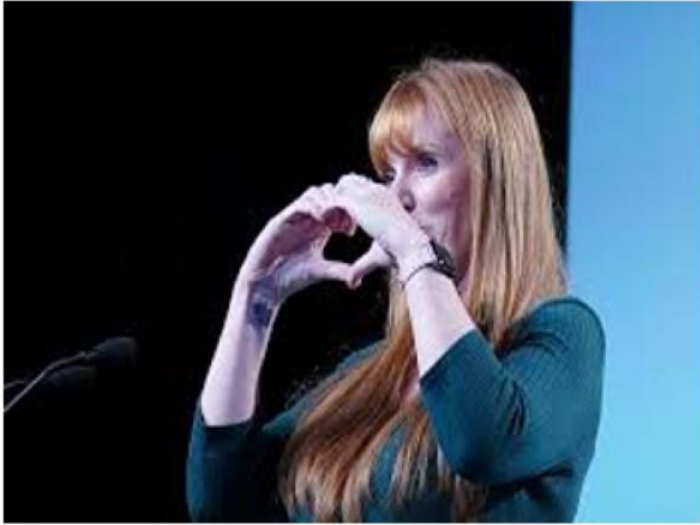
Action plans on gender equality and supporting employees through the menopause (voluntary)

- Equality Action Plans covering the steps larger employers are taking to address their gender pay gap and support employees going through the menopause have been introduced on a voluntary basis in **April 2026**.

TAKE ACTION NOW!

- Put action plans in place which demonstrate the steps your organisation will implement.
- Menopause policy?
- Staff training on menopause and equality in the workplace?
- Health and safety adjustments for menopause?
- Encourage open conversations?

Trade Union reforms



Public sector outsourcing

The Employment Rights Act amends the Procurement Act 2023 to protect transferring workers on outsourcing contracts, and those working alongside them.



The purpose is to ensure that, where public services are outsourced, the contractor's direct hires are not treated less favourably than the incoming public sector workers, and vice versa.



Expected to come into force in October 2026

The end of “exploitative” zero hours contracts



The Employment Rights Act introduces an obligation on employers to offer a “guaranteed hours contract” that reflects the hours qualifying workers and qualifying agency workers regularly work over a reference period (to be specified in regulations – we think this will be 12 weeks). Employers will be required to make a guaranteed hours offer to a qualifying worker after the end of every reference period.



This applies to “guaranteed hours contracts” but also “minimum hours” contracts, so that the practice of offering a “one hour” contract will also be prevented.



Workers whose contracts do not specify when they work will also need to get reasonable notice of any change in shifts or working time, with compensation that is proportionate to the notice given for any shifts cancelled or curtailed. Unclear what “reasonable notice” is – currently anywhere between 7 days and 48 hours notice.

The seasonal work issue

Due to the concerns raised by the House of Lords, the government have agreed to consult seasonal workers, agency workers and those who employ or engage seasonal workers – to understand what should be considered when making regulations which will allow a “limited-term contract” to be used in the case of seasonal workers.

Think about your staff...

**Do you have staff who
will be caught by these
provisions?**

**Audit your contractual
arrangements.**



Duty to take all reasonable steps to prevent sexual harassment

On the 26th October 2024, the Worker Protection (Amendment of Equality Act 2010) Act 2023 came into force. Employers are now under a duty to take reasonable steps to prevent sexual harassment of their employees during the course of their employment.

The Employment Rights Act contains provisions to require employers to take “**all** reasonable steps” to prevent sexual harassment, reflecting the wording originally contained in the Worker Protection Bill, but was removed during the Parliamentary process.

Duty to take all reasonable steps to prevent third party harassment

Now: Employers are not explicitly/directly liable if their employees are harassed by parents/contractors/other third parties.

What the Act says: The Act makes employers liable for third party harassment unless the employer took all reasonable steps to prevent this. This covers all types of harassment not just sexual harassment.

What next: It's not clear what additional consultation there will be on this measure before it comes into effect. The government anticipates that these provisions will come into force in October 2026.

Regulations will specify what reasonable steps an employer should take

The steps specified in regulations will include, but will not be limited to...

- Carrying out assessments of a specified description (likely to be risk assessments)
- Publishing plans or policies of a specified description (likely to be action plans and sexual harassment policies)
- Steps relating to the reporting of sexual harassment
- Steps relating to the handling of complaints.

Note that the government will introduce the power to make regulations to specify steps that are to be regarded as “reasonable”, to determine whether an employer has taken all reasonable steps to prevent sexual harassment (October 2026). This could be very useful!

Collective redundancy consultation

Now: Employers proposing 20+ redundancies “at one establishment” within a period of 90 days must go through a process of collective consultation before making any redundancies. If employers don't comply, employees can claim a protective award of up to 90 days' pay.

What the Act says: The Act adds a new threshold test. Collective consultation will be required if there are either 20+ redundancies at one establishment or some other threshold test is met which will involve counting employees across all sites/workplaces. The new threshold test will be defined in regulations but could be based on a percentage or number higher than 20 (e.g. the lower of 10% or 100 employees across the organisation as a whole). The Act also states that, in carrying out collective consultation, the employer does not need to consult all employee reps together or try to reach the same agreement with all of the reps. The Act will also increase the maximum protective award to 180 days' pay.

What next: The government has said it will consult on collective consultation measures in winter 2025 /early 2026 – this is yet to start. The increase in the maximum protective award to 180 days' pay has applied since 6 April 2026. The additional threshold test will be introduced in 2027.

Fire & Rehire / Replace

Now: The Code of Practice on fire and rehire was put in place in July 2024. The practice remains lawful, albeit increasingly high-risk from a reputational and industrial relations perspective.

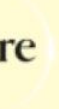
What the Act says: Dismissals to impose changes to certain key contractual terms (pay and performance, required number of working hours and time off, variation clauses and other changes to be defined in regulations (this may include benefits)) will be automatically unfair if the reason for the dismissal is that the employee did not agree to the employer's attempts to vary these terms, or because the employer intended to employ or engage another person on varied terms to carry out substantially the same role. The ban also extends to dismissals aimed at imposing new flexibility clauses covering these protected terms.

There is a LIMITED qualified exception for employers acting in response to financial difficulties affecting their ability to carry on business as a going concern (and specific exceptions for Local Authority and Public Sector employers)

Questions?

The information contained in this presentation is accurate and up to date as of 28th April 2026. This presentation is for general information only and should not be treated as a substitute for specific legal advice.




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Thank you for your time

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