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Employment Rights Act 2025

January 2026

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Key facts

The Bill was introduced into Parliament on 10 October 2024. It originally brought forward 28 employment law reforms. Following several amendments to the initial draft it finally received Royal Assent on 18 December 2025. However, there is a clear need for regulations or codes of practice to set out further detail.

Dismissal rights

- introducing a 6-month qualifying period for unfair dismissal claims – but not until January 2027
- removal of the cap on the compensation award for unfair dismissal claims
- increase to time limit for all types of employment tribunal claims to 6 months from October 2026.

Restructuring

- increase in protective award for failing to follow a collective consultation process to 180 days from April 2026
- dismissal for seeking to, or a refusal to agree to, certain restricted variations will be automatically unfair from October 2026
- additional threshold test for collective consultation across entire workforce from 2027.

Discrimination

- employers to take all reasonable steps to prevent sexual harassment and harassment of staff by third parties from October 2026
- ban on dismissals during pregnancy or protected period (likely 6 months) from 2027
- ban on NDAs in relation to discrimination and harassment
- employer to publish equality action plans from 2027.

Family rights

- qualifying periods for parental and paternity leave removed from April 2026
- new right to one week bereavement leave where a dependant dies from 2027
- employer to state grounds for refusing flexible working request and explain in writing why it is reasonable to refuse on those grounds from 2027.

Zero hours / low hours workers

- employer to make guaranteed hours offer to zero hours / low hours worker after the end of a set period
- Employer to give such a worker reasonable notice of shifts and of cancellation of or change to a shift
- employer to pay compensation to such a worker each time the employer cancels, moves or curtails a shift at short notice
- these requirements will also apply to agency workers
- changes to come in from 2027.

Trade union rights

- significant changes to TU rights in terms of statutory recognition and industrial action throughout 2026
- employers to provide a written statement confirming employee's right to join a trade union
- TU's to be able to request an 'access to workplace agreement'.



Key actions

Key actions for employers to take now:

1. Audit your workforce to assess the impact of these changes. Consider for example:
 - How many dismissals do you have in the first two years? First six months?
 - How many are redundancies?
 - Do you have any restructuring plans in the pipeline?
 - How many zero hours / low hours workers do you engage?
 - Do you use agency workers? If so, where and how often?
 - What does your current union recognition agreement say?
2. Consider establishing a standing body of elected representatives for consultation purposes and review redundancy procedures
3. Comply with the current duty to take reasonable steps to prevent sexual harassment
4. Identify additional risk areas where harassment by third parties might arise and consider steps that need to be taken to prevent such harassment
5. Consider what steps you might want to take in relation to addressing any gender pay gap and supporting employees going through the menopause to supplement an equality action plan
6. Identify which policies the changes to family leave will impact and prepare to update them
7. Implement or update bereavement leave policies
8. Update confidentiality provisions in template contracts and settlement agreements
9. Consider your current probationary process and how this might need to be updated
10. Train managers / HR and payroll teams on recruitment practices, performance management and handling flexible working requests
11. Identify who across your workforce could be caught by the zero / low hours provisions. Consider:
 - Are changes to the structure of the workforce needed?
 - Are current systems appropriate for offering shifts / monitoring hours worked / monitoring reference periods?
 - Is it possible to enter into a relevant collective agreement with a recognised union to contract out of the provisions?
 - What changes need to be made to any agreements you have with agencies?
12. Consider updating your union recognition agreement and engage with the union to understand their position on the changes under the Act



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