

Key Updates from the Employment Rights Act 2025 — What UK Employers Need to Know

Now that the Employment Rights Act 2025 has officially become law, UK labour law is entering a period of the most significant change in decades.

Following final parliamentary approval and Royal Assent in late 2025, this comprehensive legislation introduces extensive reforms that will roll out in stages through 2026 and 2027.

Employers should be preparing now to adapt to these new legal duties and worker entitlements.

Below, we break down the key reforms that businesses must understand and act on.

1. New Unfair Dismissal Rights

Originally, the government had intended to grant unfair dismissal protection from the first day of employment. However, in the final version of the Act this was amended - employees will qualify after six months of service, rather than the previous two-year requirement, and no upper limit on compensatory awards will apply.

2. Day-One Rights to Parental and Paternity Leave

From April 2026, eligible workers will be able to access paternity leave and unpaid parental leave from their first day on the job, removing previous service requirements that had applied.

3. Statutory Sick Pay Reforms

Statutory Sick Pay (SSP) is being overhauled in two major ways:

- The lower earnings limit that previously restricted eligibility will be removed
- SSP will be payable from the first day of sickness, not from the fourth day

These changes significantly expand who can claim SSP and when payments begin.

4. Strengthened Harassment Protections

Employers will have a statutory duty to take “all reasonable steps” to prevent sexual harassment and other forms of discriminatory harassment, including harassment by third parties. Sexual harassment will also be a protected disclosure for whistleblowers, meaning workers who report it gain specific legal protections.

5. Extended Tribunal Time Limits

Time limits for bringing claims to an employment tribunal will be extended from three months to six months for most claims, increasing the timeframe in which employees can take legal action.

6. Tightening Fire-and-Rehire Practices

Fire-and-rehire – the practice of dismissing and rehiring staff on worse terms – will face stricter limitations under the Act, reflecting heightened scrutiny of these practices.

7. Modernised Trade Union and Industrial Relations Rules

The Act will update the framework for trade unions by:

- Simplifying the process for union recognition
- Introducing electronic and workplace balloting
- Broadening access and protections for union representatives
- Requiring employers to inform workers of their right to join a union

8. Redundancy and Zero-Hours Contract Changes

Several measures will affect workforce planning:

- The maximum protective award for collective redundancy consultation failures will double to 180 days' pay
- Reforms aimed at zero-hours and low-hours contracts will require employers to provide guaranteed hours and provide rights around shift notice and cancellations

9. New Rights on Flexibility, Maternity, and Bereavement

There will be enhancements across several areas:

- The right to request flexible working will be strengthened, requiring employers to reasonably justify refusals
- Protections around dismissal for pregnant workers and new mothers will be increased
- A new statutory right to unpaid bereavement leave will be introduced

10. Stronger Enforcement and Compliance Obligations

The Act establishes a new enforcement body – the Fair Work Agency - consolidating responsibilities for wage enforcement, statutory rights and compliance oversight under a single authority.



Employers will also face new record-keeping duties and tighter regulation of umbrella companies.

11. Tipping Rules

New obligations will require employers to **consult workers or their representatives** before implementing or updating any tipping or gratuity policy.

What do organisations need to do?

Many of the Act's finer details will be fleshed out through future government regulations and consultation responses. However, employers are encouraged to take early action, such as reviewing HR policies, payroll systems, job contracts, and internal procedures, rather than waiting until the reforms take effect.

To understand the full timelines and business impact of the changes to come, you can [watch this free on-demand webinar from The Omny Group](#), which provides practical takeaways to help you prioritise your focus on preparing for change.