

Important changes for employers: Employment Rights Bill has become law

The Employment Rights Bill received 'Royal Assent' on 18 December 2025 and has become the Employment Rights Act 2025. This Act brings about the most comprehensive overhaul of workplace rights in many years, reshaping the employment landscape for both employers and workers. The employment law changes will take place over the next 2 years. Below we have set out the upcoming changes, the intended time frames and some guidance on how employers can prepare.

What's already changed

The minimum service level rules for strikes were removed as soon as it became an Act. These rules were about keeping services running when there's a strike.

February 2026 changes

Increased dismissal protection for industrial action

Dismissal for taking part in industrial action will be 'automatically unfair' regardless of the length of action.

Trade union activity

- The time needed to give notice of industrial action will reduce to 10 days, instead of 14 days.
- Unions will need a simple majority to vote for industrial action.
- Picket supervisors will no longer be required.
- Industrial action mandates will last for 12 months, instead of 6 months.
- Industrial action and ballot notices will be simplified.
- Political fund rules will change.

April 2026 changes

Paternity leave and unpaid parental leave

- Paternity leave will become a 'day one right', removing the 26-week service requirement (which will still apply for statutory paternity pay).
- The restriction on taking paternity leave after shared parental leave will be removed.
- Parental leave will also become a day one right.

Sick pay

- Statutory sick pay (SSP) will be paid from the first day of illness, instead of the fourth day.
- The lower earnings limit will be removed. All workers will be entitled to a flat weekly rate of SSP or 80% of their normal weekly earnings, whichever is lower.

Collective redundancy protective award	The maximum 'protective award' for failure to consult in collective redundancy will double from 90 days' pay to 180 days' pay.
Whistleblowing protections for sexual harassment	Sexual harassment will become a 'qualifying disclosure' under whistleblowing law. This will mean protection from suffering a detriment or unfair dismissal where whistleblowers make a sexual harassment disclosure.
Gender pay gap and menopause action plans	Employers will need to create action plans around menopause and gender pay gaps. These will be voluntary from April 2026. They will become mandatory some time in 2027.
Trade union changes	<ul style="list-style-type: none"> • Simplifying how a trade union can gain recognition in a workplace. • Allowing trade union members to vote electronically.
Fair Work Agency	The Fair Work Agency will be established to bring together existing enforcement bodies and will take on enforcement of other employment rights, such as holiday pay and statutory sick pay.

October 2026 changes (in most cases, how these changes will be implemented is subject to Government consultations)

Dismissal and rehire	Dismissing someone then rehiring them on worse terms and conditions will become an automatically unfair dismissal in most cases.
Employment tribunal time limits	Time limit for making a claim to an employment tribunal will increase from 3 months to 6 months.
Third party harassment	Employers will be liable for harassment from third parties, for example customers or clients, in relation to all relevant protected characteristics unless they have taken all reasonable steps to prevent it happening.
Sexual harassment	Employers will need to take 'all reasonable steps' to prevent sexual harassment.
Tightening tipping law	Employers will need to consult with workers or their representatives before creating a tipping policy and update their tipping policy every 3 years.
Trade union changes	<ul style="list-style-type: none"> • A new duty for employers to inform workers of their right to join a trade union. • Updated rules on a trade union's right of access to the workplace. • A new right to reasonable accommodation and facilities for trade union representatives carrying out their duties. • A new right to time off for union equality representatives to carry out their duties.

Increased protection against detriment for industrial action

Workers taking part in industrial action will be protected against detriment, in addition to unfair dismissal.

Public sector outsourcing 'two-tier code'

There will be new measures for public sector outsourcing. This is to avoid having different terms and conditions for ex-public sector employees and private sector employees.

2027 changes *(The Government has not announced when in 2027 most of these changes will happen and how these changes will be implemented is subject to Government consultations).*

Unfair dismissal

Protection from unfair dismissal will become a right after 6 months of being in a job. It is expected that this will apply from January 2027 and will ensure that employees with at least 6 months' service at that date will be protected from unfair dismissal.

Increased pregnancy and maternity rights

The Act will strengthen protections against dismissal for pregnant workers and those returning from maternity leave, beyond redundancy protection.

Bereavement leave

There will be a new right to statutory bereavement leave from day one, which will apply to the loss of a wider group of persons. It will also cover pregnancy loss before 24 weeks. There is no provision for this to be paid.

Zero-hours contracts

Workers on zero-hours contracts will get the right to guaranteed working hours, if they want them.

Compensation for cancelled shifts

Workers will have the right to be paid if a shift is cancelled, moved to another date, or cut short by an employer at short notice, with specific definitions of short notice (which vary according to the circumstances) being set out in the legislation.

Flexible working

If an employer rejects a flexible working request because of a genuine business reason, they will have to state the reasons and explain why they believe their refusal is reasonable.

Sexual harassment

The law will specify what 'reasonable steps' means when preventing sexual harassment, following earlier changes in October 2026.

Mandatory gender pay gap and menopause action plans

Action plans around menopause and gender pay gaps for employers with more than 250 employees will become mandatory, following their voluntary introduction in April 2026.

Collective redundancy

Employers will need to consider the total number of redundancies across their whole organisation, not just individual workplaces. Where employees are being made redundant at more than one establishment, the trigger for collective consultation and notification can be set at a higher number than 20 employees however the Government is yet to indicate what the trigger may be where redundancies are calculated across the business.

Trade union changes

- Extending laws that protect trade union members from discrimination and being 'blacklisted'.
- A new industrial relations framework, to help employers and trade unions work together.

Regulation of umbrella companies

The definition of agencies will be expanded to include 'umbrella companies'. This will allow enforcement by the relevant bodies.

Preparing for the changes

Employers should consider the impact of these changes on their organisation. To help with this employers should:

- Review their contracts, policies and procedures to identify those that will need updating and when; and
- Put together wording for contract templates, policies and procedures and prepare variation letters, where necessary.

Price Bailey's Employment Law team has extensive experience in supporting businesses throughout key developments that impact both employers and employees. If you have any questions on these changes or require support with updating your policies, you can contact our team using the details below.



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