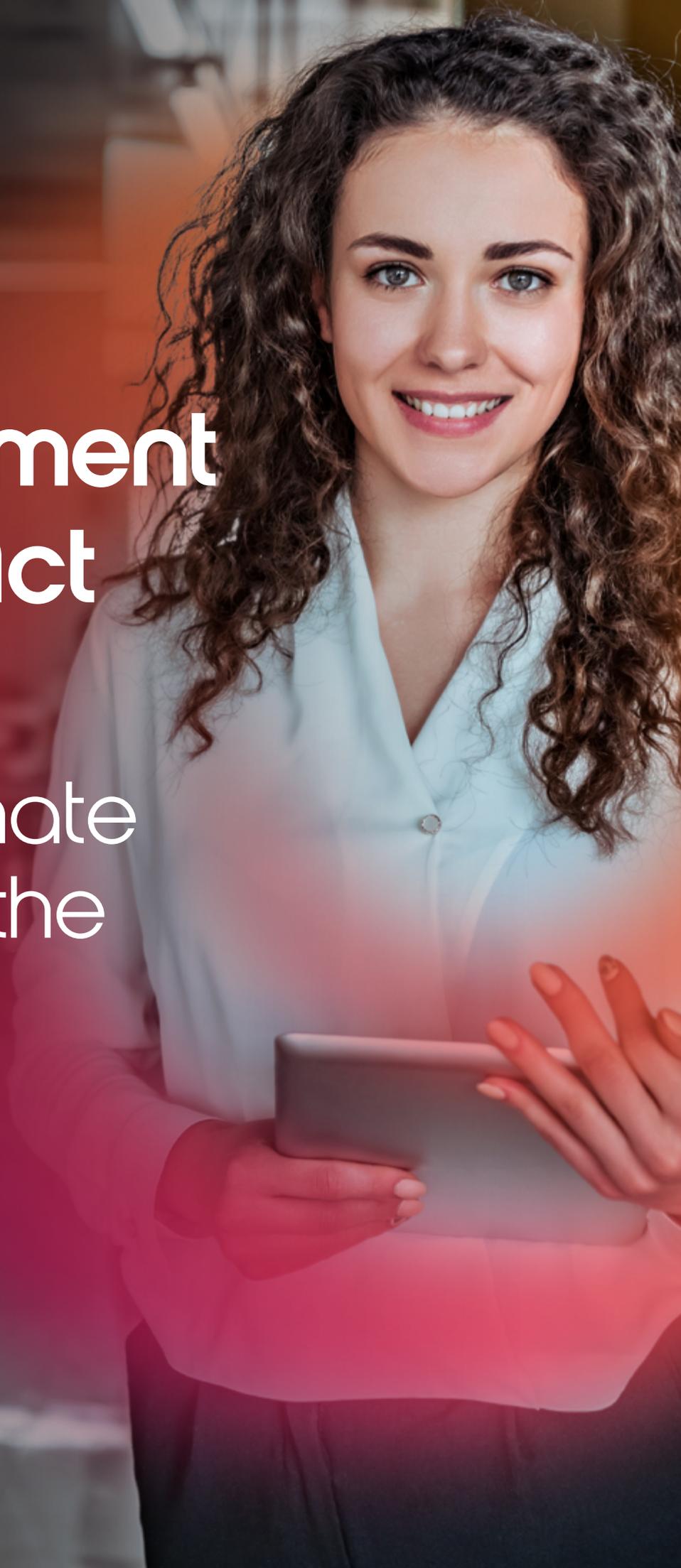




The Employment Rights Act 2025

Your ultimate
guide to the
changes





The Employment Rights Act: Your ultimate guide to the changes

The Employment Rights Act (ERA) 2025 is now law. What was introduced as a 150-page Act setting out around 28 employment law changes, passed in December 2025 and is now 334 pages. It's no surprise the government described it as 'the biggest upgrade to rights at work in a generation'. There's a significant amount to digest, especially alongside existing HR and compliance responsibilities.

Although the Act gives some considerable new rights to workers, the government does also view it as 'pro-business, pro-worker' as they think it'll create a more secure workforce, which in turn will be more productive and have more confidence to spend in the economy. But what exactly does that mean for your business?

We still don't know the exact ins and outs of some of the changes as they're wide ranging and will be introduced over the next two years. But we can highlight the changes the Act will bring and how they're likely to impact businesses. It could well be that we see a rise in employment tribunals claims as the changes come into force.

So, read on to find out exactly what you need to be ready for.

Research suggests that more than half of businesses believe the new obligations will need more resources* – and the Government have warned the full legislative package could cost businesses **£1 billion** a year.**





Group one: New (or updated) rights and protections for workers

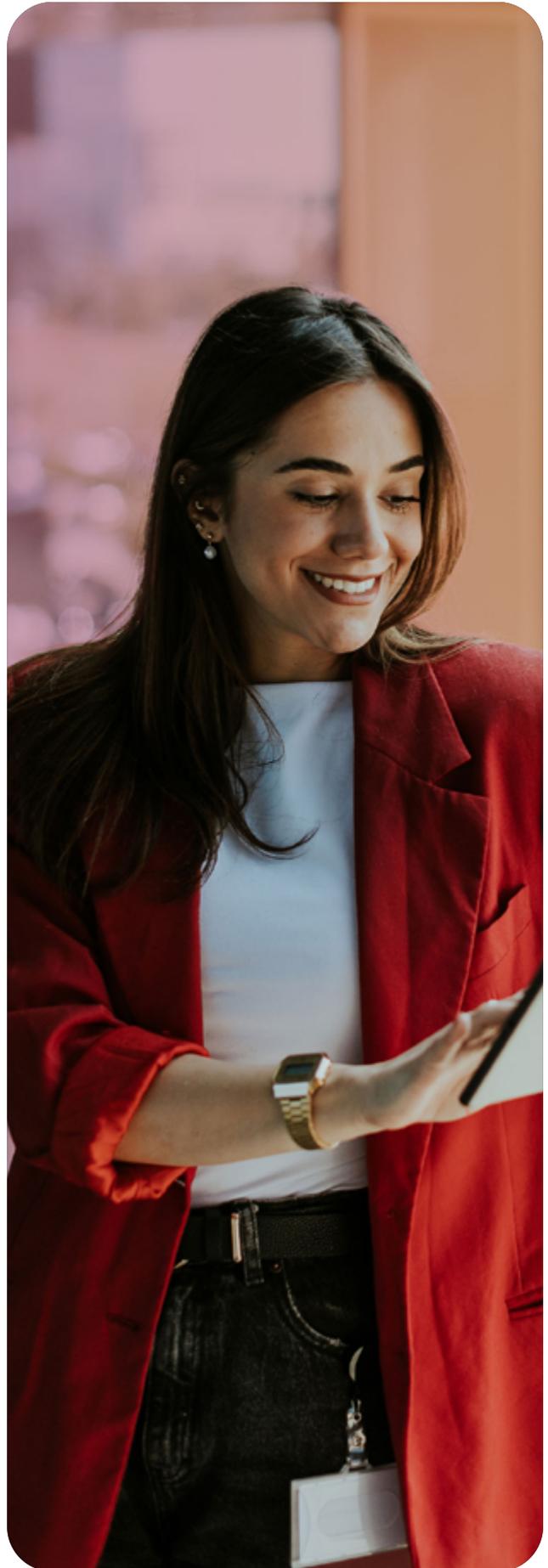
Unfair dismissal rights after six months

The government believes that the two-year wait to earn unfair dismissal rights acts a deterrent to people moving jobs, which in turn has a detrimental impact on productivity. They wanted to change the service requirement to make the right to claim unfair dismissal a day-one right, but following consultations with business groups and unions, it'll now be **a right starting after six months**.

Unfair dismissals are the change most businesses are worried about, with **76%** of employers concerned about it.

They point out that the new qualifying period won't prevent fair dismissals, particularly during probation periods but also after six months - as long as you follow a fair and transparent process. These changes mean that it'll be more important than ever to handle conduct and capability problems correctly from the start of the employment.

They'll also lift the compensation cap on unfair dismissals. This will include the 12 months' salary cap and the statutory limit of £118,223.





Changes to zero-hours contract use

The government has committed to ending ‘one-sided flexibility’ and ensuring that all jobs provide a baseline level of security and predictability. This is one of the more complex parts of the Act, and we still don’t have a clear picture of how this will work – but here’s what we do know.

The government haven’t outright banned zero-hours contracts – and if it works well for both the employer and the employee, there won’t be any rule saying you can’t continue. However, the Act introduces a “**right to guaranteed hours**” and puts a new duty on employers to offer a “guaranteed hours” contract to certain workers once they’ve completed a certain amount of work. It’s not yet been defined what that certain amount of work will be.

- This right will apply to people who are working under either a **zero-hours contract or under a contract with fewer working hours each week than the specified maximum**
- This maximum is likely to be a small amount of hours, but this exact number is still to be decided
- The right will apply where these workers undertake work for a **certain number or pattern of hours in a relevant period**, and the offer should reflect this number or pattern of hours
- The most recent amendments confirmed that this right would also apply to agency workers. The guaranteed hours offer will be the responsibility of the hiring company rather than the agency

They’ll also introduce new measures to make sure zero hours workers **get reasonable notice of shift times as well as reasonable notice of changes to shift times** with compensation that’s proportionate to the notice given for any shifts which are cancelled or curtailed at ‘short notice’. We do know that the maximum notice required would be 7 days, but further Regulations will contain the details of what this all will mean in practice in different circumstances.

In an agency arrangement, the hirer and the agency can arrange between themselves who will give notice, and the compensation will be payable by the agency, but they can recover it from the hirer.

Preventing abuse of fire and rehire practices

The Act will make it automatically unfair to **dismiss an employee for not agreeing to a variation of certain terms in their contract, including in relation to pay, hours and holidays, or to dismiss an employee when planning to re-engage them on such varied terms to carry out substantially the same duties.**

Strengthened redundancy rights and protections

The government is changing collective consultation rules for redundancy to make sure that, when looking at the numbers of people affected by changes that require a collective consultation process, these could be triggered by either a certain number at each individual site, or a certain number or percentage of the workforce across the whole business. The maximum penalty for breaching collective consultation rules is increasing from 90 to 180 days pay per employee.

Making flexible working the default

In 2024, we already saw significant changes to flexible working, but these reforms don’t go far enough for the new Government, which has committed to **making flexible working the default from day one for all workers**, except where it isn’t “reasonably feasible”. The Act has amended the Employment Rights Act 1996 to say that an employer can only refuse a request if:

1. They believe the application should be refused on one or more of the existing grounds
2. They explain to the employee why it’s reasonable for them to do that



Reviewing parental leave

Parental leave is currently available to employees with one year's service – the Act will remove that and make it a day-one right.

Tackling harassment

On 26 October 2024, the Worker Protection (Amendment of Equality Act 2010) Act 2023 came into force, and put a new duty on employers to take reasonable steps to prevent sexual harassment. The Employment Rights Act extends this to **include “all reasonable steps” and include harassment by third parties for all categories of harassment.** It'll also give the Secretary of State the power to make regulations that set out exactly what would be viewed as “reasonable steps.”

To find out more about this and what you need to do now, [read our full guide to the Worker Protection Act.](#)

Paternity leave

Paternity leave is currently available to employees with 26 weeks' service by the qualifying week - the Act makes this a day-one right.

Bereavement leave

Employees currently have the right to take up to two weeks' parental bereavement leave if they have a child who dies under the age of 18. The Act will extend this beyond parents to others who suffer a bereavement. This new right will only be for one week's leave though, as opposed to the two weeks' parental bereavement leave which will remain in place.

That parental bereavement leave is also being extended to cover miscarriages (i.e. occurring in the first 24 weeks of pregnancy), but we are waiting for the details on this.





Group two: Fair pay, terms, and working conditions

Statutory Sick Pay (SSP)

From April 2026, the government will remove the lower earnings limit to make **SSP available to all employees**. However, it's now proposed that employees on low wages will receive 80% of their average weekly earnings or the current rate of SSP, whichever is lower. They'll also remove the current three-day waiting period, meaning SSP will be **payable from the first day of sickness absence**.

Fair allocation of tips

The Employment (Allocation of Tips) Act 2023 came into force in October 2024, and the Act proposes some changes to this, introducing:

1. A requirement that employers **consult with recognised trade unions, worker representatives or workers who will be affected by the policy** before they produce their tipping policy
2. A requirement to **review their policy** from time to time – the first review must be within three years of introducing the policy
3. A requirement to **consult with workers as part of the review process**

A new Adult Social Care Negotiating Body (ASCNB)

The Act will create a new Adult Social Care Negotiating Body, which will oversee pay and terms and conditions for social care workers in England and Wales. This will be made up of employer and trade union representatives.

The School Support Staff Negotiating Body (SSSNB)

This body will be responsible for regulating the employment of support staff in schools in England, and it'll cover pay, terms and conditions, training and career progression of school support staff.

Equality Action Plans

The Act introduces a new requirement for larger companies (over 250 employees) to produce an annual 'Equality Action Plan' that shows what actions they've taken to support and push forward gender equality in their workplace.

There should be a focus on steps taken to address **gender pay gaps** and **support employees going through the menopause**. The government have also added in their 'Next Steps to Make Work Pay' guidance (more on this later) that there'll be a Regulatory Enforcement Unit for equal pay.



Tribunal time limits

The time limit for bringing a tribunal claim will be increased from three months to six months. While this might not affect day-to-day work that much, it could mean longer periods of uncertainty if an employee does bring a claim. The idea behind this is to give employees who might not be in a good position more time to consider their options, take advice and take action.



Group three: Enforcement and trade unions

Establishing a Single Enforcement Body (the Fair Work Agency)

The government considers the current enforcement system to be ineffective. By introducing the Single Enforcement Body, they promise to deliver “swifter access to justice” for workers, and this body will be called the Fair Work Agency. It’ll include trade union representatives, employer representatives and independent experts, and it’ll have strong powers to inspect workplaces and enforce employment rights – and the enforcement officers will have the right to enter business premises to do so.

The Fair Work Agency will also have the power to bring their own tribunal claims on behalf of workers, provide legal assistance to workers and recover the costs of their own enforcement actions from the employer.

Unions

All major trade union legislation introduced by Conservative Governments from 2010 onwards will be repealed. The changes proposed include:

- Rights to reasonable access within workplaces via new access agreements
- A new obligation for employers to provide all workers with a written statement of their right to join a union. This will need to be reissued to longer-standing staff on a regular basis and if an employer doesn’t provide this, a worker can make a claim to the tribunal and could be awarded between **two and four weeks’ pay**
- Simplification of the rules on ballots for union recognition and for industrial action or strikes – this will make it easier for unions to be recognised and to have successful votes for strike action

Beyond the Act: other changes

The Government has also published the next steps for its “Make Work Pay” plan. The next phase of changes include:



Introducing an Equality (Race and Disability) Bill:

making it mandatory for large businesses to report their ethnicity and disability pay gaps.



Reviews into the current parental leave and carers leave systems.

How Citation can help

With more than 300 HR experts, Employment Law solicitors and Health & Safety consultants on your side, Citation makes sure you're always compliant and confident, no matter the changes coming your way. Our 24/7 support and unrivalled advice guarantee means we're here to help you navigate any challenges and keep your business running smoothly.

If you're ready to get ready for anything, with our team as an extension of yours, discover how we can support your business. Call us today on **0345 844 1111**.

*Brightmine survey, 2024

** Employment Rights Act 2025 - Economic Analysis, Jan 2026