



Russells eBulletin

The Employment Rights Act 2025

The highly anticipated Employment Rights Act has finally landed. The Act will advance significant changes to a number of areas of employment law, which will affect both employers and employees.

We have set out a summary of what is changing and when those changes will take effect in this eBulletin.

Please note that the dates below are based on the Government's February 2026 Roadmap.

- Stage 1:**
April 2026
- **Changes to Family-Friendly Rights** including:
 - Statutory paternity and unpaid parental leave will become Day 1 rights;
 - Paternity leave may now be taken after Shared Parental Leave; and
 - A new right for bereaved fathers and partners to take up to 52 weeks of paternity leave if the mother or primary adopter dies within the first year of the child's life ("Bereaved Partners Paternity Leave").
 - **Statutory Sick Pay ("SSP")** will now be payable from Day 1 of sickness absence (currently, SSP is payable from day 4). The lower earnings limit will be removed, meaning that those earning less than the lower earnings limit (currently £125 per week) will become entitled to SSP.
 - **Enhanced protections** for whistleblowers will be introduced.
 - **Establishment of the Fair Work Agency** as a new, single body that brings together different enforcement functions under one roof, including those relating to National Minimum Wage, sick pay, holiday pay and modern slavery regulations.
- Stage 2:**
October 2026
- **Extension on time limits for bringing Employment Tribunal Claims:** the time limits for bringing most claims will increase to 6 months (from 3 months). This includes claims for unfair dismissal and discrimination.
 - **Stronger duty to prevent sexual harassment:** a new, stronger requirement for employers to take "all reasonable steps" to prevent workplace harassment. "Reasonable steps" will be prescribed by Government regulations.
 - **Employers to be liable for harassment by third parties:** This imposes liability for all types of harassment (not just sexual harassment) unless the employer has taken all reasonable steps to prevent this.

Stage 3: Changes to unfair dismissal rights and compensation

**January
2027**

** Employees will need to be employed for only 6 months before they can claim unfair dismissal. Whereas now, employees need to work for 2 years before they have the right not to be unfairly dismissed.

** Labour's original promise of Day 1 unfair dismissal rights has therefore been scrapped.

** The cap on the unfair dismissal compensatory award, currently the lower of 52 weeks' gross pay and the statutory cap (£118,223 for 2025/2026), will be abolished. The Government has stated there will be no further consultation on this.

Restrictions on "Fire and Rehire" (under consultation)

A dismissal will be automatically unfair where it results from an employee's refusal to vary core terms relating to pay, working hours, pension, shift time, shift length, and time off (as well as other categories not yet determined), except in cases where the employer can demonstrate "severe financial distress" necessitating such changes.

**Stage 4:
2027
onwards**

- **Introduction of new, complex rules regarding zero hours contracts (under consultation):** whilst the Act does not prohibit zero hours contracts, new rules will require employers to offer qualifying zero and 'low' hours workers (including agency workers) guaranteed hours, which reflect the hours worked during a specified reference period. Key terms, including the length of the reference period, will be determined by secondary legislation. Additional rights to reasonable notice of shifts and payment for cancelled, moved and curtailed shifts will also be introduced.
- **Changes to collective redundancy rules:** The Act adds a new threshold test which triggers the requirement for an employer to go through a process of collective consultation if there are either 20+ redundancies at one establishment **or** if the new threshold test is satisfied. The new threshold test will be set out in subsequent regulations. In addition, the maximum protective award for non-compliance is expected to double (to 180 days' pay) from April 2026.
- **New right to Bereavement Leave (under consultation):** introduction of a statutory right to bereavement leave (including for early miscarriages and pregnancy loss), currently expected to be up to 1 week of unpaid leave.
- **Employees will have stronger rights to flexible working from day 1 (under consultation).**
- **Non-Disclosure Agreements:** any provision in an agreement between an employer and a worker seeking to prevent the worker from disclosing workplace discrimination and harassment will be void. Further guidance is expected on the (limited) exceptions.

**Stage 4:
2027
onwards**

- **Equality Action Plans & Pay Transparency:** introduction of mandatory requirement for action plans on gender equality and supporting employees through the menopause (introduced on a voluntary basis from April 2026).
- **Protections for pregnant women and new mothers (under consultation):** enhanced protections against dismissal during pregnancy, whilst on maternity and for a period thereafter (currently expected to be 6 months).

**Preparing
for the
changes**

Whilst these changes will be phased in over two years, employers should start to prepare now.

This may include:

- Reviewing policies and handbooks.
- Updating contractual documentation.
- Updating HR processes and systems to accommodate the changes, for example processes around recruitment, performance management and dismissal.
- Training managers to ensure their compliance with the new provisions.
- Keeping updated by checking in with us! The above is subject to change and guidance is expected.

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