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January Newsletter

Employment Rights Act 2025: The Biggest Shift in UK Employment Law for a Generation



The Employment Rights Act 2025 has now received Royal Assent, marking the start of a multi-year transformation of UK employment law. These reforms, central to the Government's *Make Work Pay* agenda, will reshape how employers manage contracts, working patterns, consultation, family leave and dismissal risk.

Rather than waiting for deadlines to arrive, 2026 is the year to prepare. Below is a practical employer roadmap, followed by a clear breakdown of what changes are coming and when.

What Employers Should Prioritise Now (2026 Preparation Year)



Policy & Contract Overhaul

- Update handbooks, family leave policies and sickness absence rules.
- Review contracts for flexibility clauses, zero-hours arrangements and consultation wording.

Payroll & Systems Readiness

- SSP changes require payroll updates.
- Ensure HRIS and absence systems can handle day one rights.

Manager Capability Building

- Train managers on consultation, documentation, early intervention and handling new day one rights.
- Strengthen confidence around whistleblowing, harassment and grievance processes.

Risk Prevention & Culture Work

- Review harassment prevention measures — the “all reasonable steps” duty becomes more demanding.
- Strengthen early dispute resolution and record-keeping.



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Workforce & Resourcing Planning

- Map use of zero-hours and low-hours contracts.
- Review probation processes in light of the reduced unfair dismissal qualifying period.

Prepare for Increased Tribunal Exposure

- Longer time limits and uncapped unfair dismissal compensation (expected from 2027) will increase risk.
- Ensure documentation and decision-making processes are robust.

The Big Picture: What These Reforms Mean for Employers



Higher Compliance Expectations

Day one rights, expanded enforcement powers and the new Fair Work Agency mean employers will face more scrutiny.

Reduced Flexibility

Restrictions on fire-and-rehire, guaranteed hours for zero-hours workers and default flexible working will limit unilateral changes.



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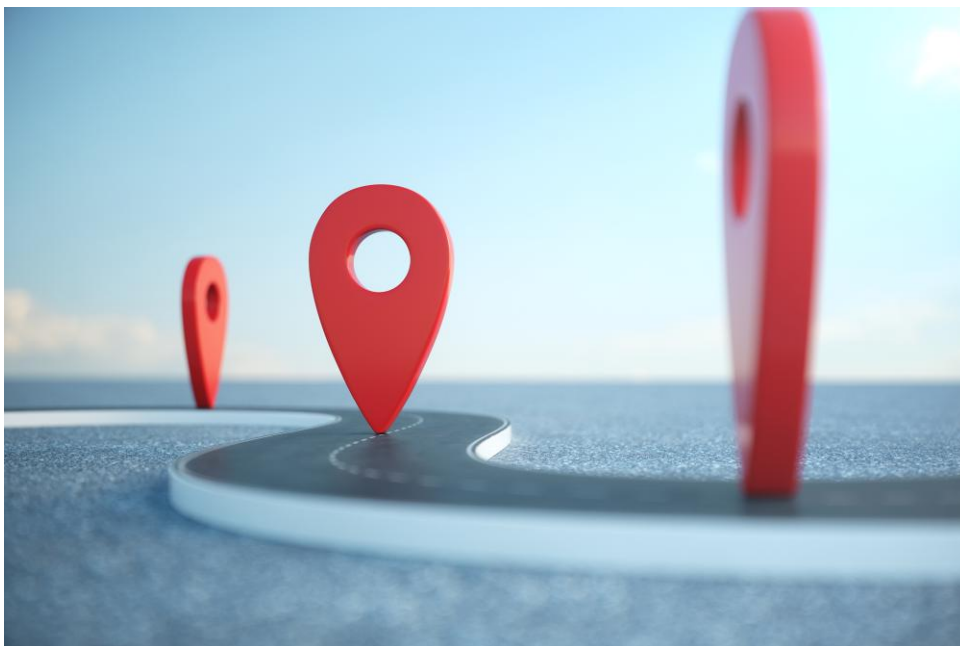
Increased Financial Exposure

- Doubling of protective awards
- Removal of the unfair dismissal cap
- Compensation for short-notice shift changes
- Longer tribunal time limits

Stronger Worker Voice

Trade union access, recognition and balloting reforms will increase union presence in many workplaces.

The Timeline — What's Coming and When



December 2025 – Early 2026 — Foundation Phase

- **Employment Rights Act 2025** has received Royal Assent.
- **Paternity Leave (Bereavement) Act** in force from 29 December 2025 — day one right for bereaved partners.
- **Trade union transitional provisions** begin 18 February 2026.



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April 2026 — First Major Wave of Operational Changes

Statutory Sick Pay (SSP)

- Payable from day one of sickness and day one of employment.
- Lower Earnings Limit removed.
- Payable at 80% of normal weekly earnings or the statutory rate (whichever is lower).

Family Leave

- Paternity leave and unpaid parental leave become day one rights.

Whistleblowing & Sexual Harassment

- Sexual harassment disclosures explicitly recognised as qualifying whistleblowing disclosures.

Collective Redundancy Consultation

- Maximum protective award expected to double to 180 days' pay.

Trade Union Reforms

- Streamlined recognition processes.
- Expansion of electronic and workplace balloting.

Fair Work Agency

- New enforcement body overseeing multiple employment rights.

Gender Pay Gap & Menopause Action Plans

- Employers with 250+ staff encouraged to publish voluntary action plans ahead of 2027 mandatory requirements.



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October 2026 — High-Risk Reforms Begin

Fire & Rehire Restrictions

- Dismissals linked to refusal of contractual changes likely to be automatically unfair, except in cases of severe financial difficulty.
- This does not prevent contractual changes entirely, but it significantly narrows the lawful circumstances for dismissal and re-engagement.

Tribunal Time Limits

- Most claim time limits likely to extend to six months.

Enhanced Harassment Prevention Duties

- Employers must take “all reasonable steps” to prevent sexual harassment, including by third parties – a higher statutory threshold than the current duty.

Trade Union Rights

- Duty to inform workers of their right to join a union.
- Stronger access rights and protections for representatives.

Tipping Policies

- Mandatory worker consultation on tipping arrangements.
- Reviews required at least every three years.

2027 — Structural Changes That Redefine Employer Risk

Unfair Dismissal

- Qualifying period expected to reduce to six months (from two years).
- Compensation cap likely to be removed, significantly increasing exposure.

Guaranteed & Flexible Working

- Zero-hours and low-hours workers likely to gain:
 - Rights to guaranteed hours
 - Compensation for short-notice changes
- Flexible working becomes a default day one right, unless not reasonably feasible.



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Enhanced Family Protections

- Stronger protections for pregnancy and maternity returners.
- New statutory bereavement leave, including pregnancy loss.

Collective Consultation Thresholds

- New test assessing redundancies across the establishment or the wider employing entity.

Timings and details remain subject to secondary legislation, so employers should monitor updates throughout 2026.

Supporting Your People Through Change

As organisations prepare for the Employment Rights Act reforms, many clients are choosing to invest in Insights Discovery workshops to help their teams communicate more effectively and build resilience.

What is Insights Discovery?

A practical tool that helps people understand their communication style and working preferences, using an easy-to-grasp colour-energy model. It strengthens teamwork, improves conversations and supports managers through change.

If you'd like to explore whether this could support your managers or wider team, I'd be happy to chat.

To help organisations prepare for the year ahead, I'm offering a 10% reduction on any workshops booked before the end of March 2026.



If you would like to talk through any of the above or require any further support, please get in touch –

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