

# Employment Rights Act Overview of the changes

January 2026

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## Employment Rights Act update

The new Employment Rights Act 2025 aims to significantly upgrade and modernise employment law in the UK. The key amendments the Employment Rights Act 2025 will introduce are summarised below, confirming where employers need to focus on preparing for its implementation:

1. **Zero-hours contracts:** the Act seeks to change zero-hours contracts by introducing optional rights to guaranteed hours, reasonable notice of shifts, and payments for shifts cancelled on short notice.
2. **Unfair dismissal:** the two-year qualifying period for the right to claim unfair dismissal will be removed, making it a right after six months employment. The previous limits on what an employee could be rewarded for unfair dismissal have been abolished, and awards will be unlimited, similar to discrimination claims.
3. **Collective redundancy:** the Act restricts the ability of employers to engage in "fire and rehire" or "fire and replace" making it automatically unfair to dismiss any employee who refuses to agree a variation of employment terms, or to allow for the recruitment of another person to perform substantially the same role. In addition, the maximum protective award for failure to collectively consult will also be increasing from 90 to 180 days' pay per affected employee.
4. **Statutory Sick Pay (SSP):** SSP will be strengthened by removing the Lower Earnings Limit and the waiting period.
5. **Fair pay:** the Act will provide for a Fair Pay Agreements process in the adult social care sector and seeks to strengthen existing tipping law by requiring employers to consult with workers on tipping policies.
6. **Family-friendly rights:** existing entitlements to paternity leave and unpaid parental leave will be made available from "day-one" of employment. A new "day-one" right to unpaid bereavement leave covering the death of a "loved one" and early pregnancy loss will also be introduced.
7. **Flexible working:** the "day-one" right to request flexible working will be strengthened, requiring employers to consult with employees and explain the grounds for denial and ensuring rejections are reasonable.
8. **Harassment protections:** the duty on employers to prevent sexual harassment is to be toughened, and an obligation will be introduced for employers to not permit harassment by third parties.
9. **Trade union legislation:** the Act will repeal the Strikes (Minimum Service Levels) Act 2023 and the majority of the restrictions and limitations placed on trade unions under the Trade Union Act 2016, as well as simplifying the trade union recognition process.
10. **Enforcement:** The Fair Work Agency will be established to enforce various labour laws (including the National Minimum Wage, Statutory Sick Pay, employment agency rules and holiday pay), and the time limit for making an Employment Tribunal claim will be increased from 3 months to 6 months.

*If you would like to discuss any of these changes in further detail, please contact a member of Fladgate's dedicated Employment Team.*

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