



enlighten **HR**

The Business Owner's Practical Guide to the Employment Rights Act

*The biggest change in employment rights in a
generation*

You've heard the hype, now here's the reality for your business.

The Business Owner's Practical Guide to the Employment Rights Act 2025 is designed for small and growing employers who want clarity, not noise, what's changing, when it's changing, and what you can do now to stay compliant without losing your mind (or your margins).

The Employment Rights Act 2025 is one of the biggest shifts in UK employment law in decades. For small and growing businesses, the risk is not "getting it wildly wrong", it's missing the small changes that quietly create big exposure, especially when you're busy, growing, and juggling people issues alongside everything else.

Some changes will apply from set dates, others will come in through commencement regulations, and several will be phased in over time. That means planning now is the difference between staying in control, or scrambling when an employee query, a complaint, or claim lands on your desk.

This guide summarises the key themes, gives you a practical timeline, and explains what you can do now to reduce risk, control costs, and protect your team culture.

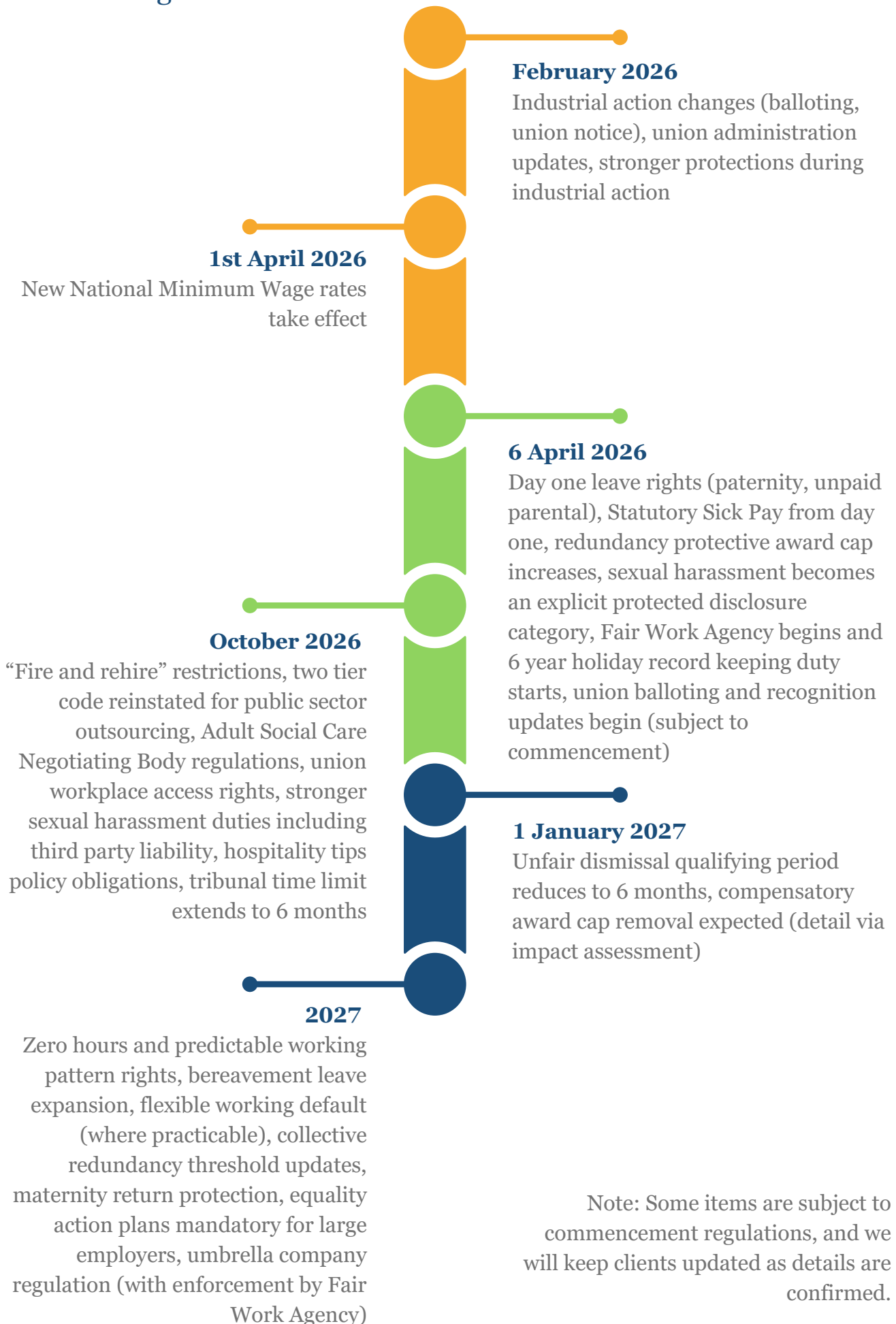
What this Act means for employers in plain English

This is not just a policy update. It's a change in expectations, enforcement, and employee rights, covering areas like dismissal protection, sick pay, leave rights, harassment duties, redundancy consultation, union access, and new enforcement powers.

For many employers, the biggest impact will be:

- More "day one" rights, meaning less room for informal processes
- Higher financial exposure if you get consultation or record keeping wrong
- A bigger focus on prevention, especially harassment and conduct
- Stronger enforcement, with longer backdated claims and more penalties

Timeline at a glance



Balloting and industrial action

What's changing

- The 40% support threshold for industrial action ballots in certain public services is removed.
- Ballot paper information requirements are simplified.
- The mandate period for lawful industrial action extends from 6 to 12 months.
- Union notice before industrial action reduces from 14 to 10 days.

What to do

- If you have any union presence, review your industrial action response plan, who does what, how communications are handled, and how you'll maintain service levels.
- Make sure managers know what they can and cannot say during disputes, keeping communications factual and consistent.

Union administration

What's changing

- Political fund contributions move to opt out by default for new members.
- Public sector restrictions on "check off" end.
- Government powers to require reporting within the public sector on facility time and impose limits are removed.
- Some annual return reporting requirements to the Certification Officer are removed.
- The requirement for a picketing supervisor is abolished.

What to do

- Where relevant, update internal union relationship documents, payroll processes, and manager guidance so your approach stays consistent and non-reactive.

Employee protections during industrial action

What's changing

- Automatic protection from unfair dismissal for taking part in protected industrial action, regardless of duration.
- Protection from detriment for participating in industrial action, with detail to be defined in regulations.

What to do

- Review your approach to conflict, industrial disputes, and disciplinary action during periods of disruption, and ensure decisions are well documented and consistent.



April 2026

1st April 2026

New minimum wage rates

What's changing

- The National Living Wage will increase from £12.21 to £12.71. Meanwhile the rate for those aged 18 to 20 will increase from £10 to £10.85. The rates for under 18s and apprentices will rise from £7.55 to £8.

What to do

- Review your rates of pay to ensure that they comply with minimum rates and increase as necessary.
- Consider how to maintain pay differentials with more highly paid/skilled employees
- Review and revise payroll budgets

6th April 2026

Day one leave rights

What's changing

- Day one rights apply to paternity leave and unpaid parental leave, removing the 26-week service requirement.
- Paternity leave can be taken in addition to and after shared parental leave.

What to do

- Update family leave policies, manager guidance, and your onboarding packs so expectations are clear from the start.
- Ensure your absence and resourcing plans account for earlier eligibility.

Statutory Sick Pay

What's changing

- SSP becomes available from day one of sickness absence, removing the 3-day unpaid waiting period.
- The minimum earnings limit is removed, with different calculation rules for lower earners, meaning more employees will be entitled to SSP.

What to do

- Review your sickness policy and procedures, especially trigger points, return to work meetings, fit note rules, and how you record absence.
- Train managers to handle sickness consistently, because day one SSP will increase the need for clear processes, not guesswork.



6th April 2026 cont...

Redundancy, protective award increases

What's changing

- In collective redundancy cases (where 20+ employees are at risk of redundancy) the protective award (penalty) cap increases from 90 days to 180 days pay, increasing exposure where consultation is inadequate.

What to do

- If your business may restructure in 2026, do not wait until the last minute. The cost of getting consultation wrong will be far higher.
- Make sure you understand when collective consultation applies and what “meaningful consultation” looks like in practice.

Sexual harassment, protected disclosure

What's changing

- A new explicit protected disclosure category relating to sexual harassment.

What to do

- Update whistleblowing and reporting routes so that team members know how to raise concerns safely with an appropriate person.
- Make sure managers understand what steps to take, confidentiality, non-retaliation, and how to escalate concerns quickly.

Fair Work Agency and record keeping

What's changing

- The Fair Work Agency will be established to act as a single enforcement body across multiple statutory rights.
- Employers must keep six years of records proving compliance with holiday entitlement, with criminal prosecution and fines for failure.
- Underpayment notices can include payment deadlines and penalties, with claims for up to six years of underpayments.

What to do

- Audit your holiday records now, especially irregular hours workers, overtime, carry over, and calculations.
- Move to a consistent system for record keeping and approvals, this is where a cloud HR system, such as BreatheHR, can protect you as much as it supports you operationally.

Trade unions, balloting and recognition

What's changing

- Electronic and workplace balloting is introduced.
- Recognition process is simplified, with lower thresholds required.

What to do

- Review how you handle workforce communication, consultation, and employee voice. In many businesses, improving communication early reduces the chance of disputes later.

“Fire and rehire” restrictions

What’s changing

- Automatic unfair dismissal if the employee refuses to vary terms on pay, working hours, pension, shift time/length and time off. Other terms may be defined when the regulations are drafted.
- Dismissal will also be automatically unfair if the employers want to impose flexibility clauses relating to this changes; intends to employ someone else on varied terms to do the same role or intends to replace the employee with agency or other non-employed workers.
- A new category of automatic unfair dismissal where an employee is dismissed for refusing a contractual change, or replaced by someone who accepts new terms.
- There is a very limited exception but only in limited circumstances such as genuine financial difficulty.
- Higher financial exposure in collective scenarios, with potential uplifts for failing to follow the statutory code.

What to do

- Review how you currently make contractual changes, even “small” informal ones.
- Introduce a clear change process, including consultation steps, documentation, and manager scripts.
- Involving employees from the outset if much more likely to result in acceptance of changes.



Adult Social Care Sectoral Bargaining

What’s changing

- Establishment regulations for the Adult Social Care Negotiating Body and Fair Pay Agreement framework.

What to do

- If you operate in or supply into social care, watch this space and plan for potential pay and terms. Check out the ‘Fair pay agreement process in adult social care’ consultation document.
- Negotiations will be with employers and trade unions will commence in 2027 with implementation in 2028; get involved, possibly through your industry’s professional body.



Trade union access and stronger protections

What's changing

- Duty to inform workers of their right to join a union.
- Statutory union access rights to organise and meet workers.
- Enhanced protections for workers and reps, expanded facilities time, stronger anti blacklisting safeguards.

What to do

- Update employee communications and onboarding materials.
- Ensure leaders understand the rules on access, representation, and protected activity.

Sexual harassment, stronger employer duties and third party liability

What's changing

- Stronger duty, employers must take all reasonable steps to prevent sexual harassment.
- Employer liability for third party harassment where reasonable steps are not taken.

What to do

- Refresh your harassment policy and train managers and teams, including how to handle third party, e.g. supplier, customer or client behaviour.
- Put reporting routes, investigation steps, and consistent consequences in place.

Hospitality tips policy obligations

What's changing

- Written tip allocation policy requirements expand, including consultation and 3-year reviews.

What to do

- If you operate in hospitality, get involved in the consultation which closes 1 April 2026
- Make Work Pay: strengthening the law on tipping - visit GOV.UK
- Review your tips policy, consult properly, and document reviews.

Employment tribunal time limits

What's changing

- Time limit to lodge a claim extends from three months to six months.

What to do

- Assume issues will be raised later, keep better notes, letters, and records, retain all records for at least 12-months, and resolve concerns early.

1st January 2027

Day one rights, unfair dismissal changes

What's changing

- Qualifying period for full employment rights reduces from 2 years to 6 months.
- Employees with 6-months service on 1st January 2027 onwards therefore employees employed from 1st July 2026 will have sufficient service on 1st January 2027.
- The cap on compensatory awards for ordinary unfair dismissal to be removed

What to do

- Ensure recruitment and selection procedures are robust to select the person with the right skills, knowledge, ability and values for your organisation.
- Improve onboarding, probation management, documentation, and performance conversations.
- If you are relying on “we can always let them go early”, this is the moment to tighten your process.



Zero hours and predictable working patterns

What's changing

- Rights to be offered guaranteed hours after a reference period (expected to be 12 weeks), plus protections around working patterns.
- Requirements around shift notice and compensation for short notice cancellation.
- Extension to agency workers after a reference period.

What to do

- Review casual, variable hours, and agency arrangements now, especially where working patterns are consistent in reality.
- Plan how you will forecast staffing needs and move people onto suitable hours arrangements without losing flexibility.
- Guaranteeing hours where this is reasonable increases loyalty and commitment to the business.

Day one rights, unfair dismissal changes

What's changing

- Qualifying period for full employment rights reduces from 2 years to 6 months.
- The cap on compensatory awards for ordinary unfair dismissal to be removed; cap removal, further detail expected via impact assessment.

What to do

- Ensure recruitment and selection procedures are robust to select the person with the right skills, knowledge, ability and values for your organisation.
- Ensure Contract of Employment reflect a 6-month probation period
- Train managers to ensure improved onboarding, probation management, documentation, and performance conversations that are formally documented
- If you are relying on “we can always let them go early”, this is the moment to tighten your process.



Bereavement leave expansion

What's changing

- Bereavement leave broadens based on relationship.

What to do

- Update your bereavement policy and manager guidance so responses are consistent, compassionate, and clear.

Flexible working becomes the default

What's changing

- Day one default, where practicable.
- Refusals must be on statutory grounds and reasonable, with clearer explanation required.

What to do

- Get your flexible working process clear and repeatable, including request forms, meeting structure, and refusal wording.
- Train managers on consistency, because inconsistent decisions create risk fast.

Redundancy, collective consultation thresholds

What's changing

- Collective consultation required when 20 or more redundancies occur at one establishment, unless thresholds change via future regulations.
- Government to publish best practice guidance.

What to do

- If you are considering a restructure, plan early and document decision making, selection, and consultation steps carefully.

Equality action plans become mandatory for large employers

What's changing

- Mandatory publication begins for large employers, 250 plus employees, and certain public authorities.

What to do

- If you are scaling towards this threshold, start building data habits and action planning earlier.

Umbrella company regulation

What's changing

- Umbrella companies defined as employment businesses.
- Brought into Conduct Regulations scope, with enforcement by the Fair Work Agency.
- Increased expectations around clarity of pay, deductions, checks, records, and fair treatment.

What to do

- Review supply chains, agency arrangements, and who is responsible for compliance.
- Tighten contracts and audit processes, especially around pay transparency and deductions.

Maternity protections

What's changing

- Dismissal becomes unlawful for six months after return to work, except limited circumstances set out in future regulations.

What to do

- Review how you handle restructures, redundancy pools, and performance management around family leave periods.

The £99 Employment Rights Act Readiness Assessment

Know what you need to do, and what you don't?

If you want clarity without committing to a full project, we offer a fixed price readiness assessment for £99.

What you get

- A short, structured review of the areas most likely to affect your business
- A simple scorecard showing Red, Amber, Green across key compliance topics
- A clear action list, prioritised by risk and timeline

Money back guarantee

- If your scorecard comes back Green, we will refund the £99, because you've already done the hard work and we are happy to confirm it!

Visit our website to complete your assessment now
www.enlightenhr.com





Need to talk it through?

If you are unsure how the Employment Rights Act changes apply to your business, or you would simply like reassurance that you are on the right track, we are here to help.

We offer a free HR consultation where you can talk through the upcoming changes, your current setup, and any wider people issues or concerns you may have.

No pressure, no jargon, just practical guidance so you can move forward with clarity and confidence.

Book your free call with enlightenHR today.



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