



Ditton HR

Helping you grow your people and your business

**Employment Rights Act
2025
Information Guide**

Introduction

UK employment law has entered a period of significant change. Following extensive parliamentary debate, the Employment Rights Act 2025 received Royal Assent on 18 December 2025 and represents the most substantial reform to workplace rights in a generation.

At Ditton HR, we are a team of specialist HR Consultants and a trusted partner to our clients by supporting them through legislative change and the practical realities of managing people at work. Our role is to translate complex employment law into practical, workable guidance that protects organisations while supporting fair and compliant workplaces.

While the Act is now law, implementation is phased throughout 2026 and 2027, with many practical details still subject to consultation and secondary legislation. This means planning ahead is essential.

If you are unsure how these changes affect your business or workforce, Ditton HR is here to provide expert advice, hands-on support, and clear guidance at every stage.



Key Objectives of the Employment Rights Act 2025

The Act is designed to:

- Raise baseline protections for workers
- Reduce insecure work
- Strengthen dismissal protections
- Modernise trade union and industrial relations frameworks -
Improve enforcement of employment rights

Understanding how these objectives translate into day-to-day HR practice is critical. Ditton HR can advise, guide and support you and your business to ensure policies, contracts, and management practices remain legally compliant, commercially practical, and aligned to long-term business goals.



Reduced Qualifying Period for Unfair Dismissal

From 1 January 2027, employees will gain protection from ordinary unfair dismissal after six months' continuous service, reduced from the current two-year requirement.

This significantly shortens the window for assessing new hires and places greater importance on:

- Robust probation processes
- Clear performance management
- Well-documented decision-making



At Ditton HR we can advise, guide and support you in reviewing probation frameworks, dismissal procedures, and manager capability to reduce risk and build confident, consistent decision-making under the new rules.

Removal of Unfair Dismissal Compensation Cap

Also effective from January 2027, the statutory cap on compensatory awards for unfair dismissal will be removed. Employment Tribunals will instead award compensation based on actual financial loss.

This change increases potential financial exposure, particularly for higher earners, making early HR advice and compliant dismissal processes more important than ever. Ditton HR can advise on risk management strategies and defensible approaches to termination.



Restrictions on Fire and Rehire Practices

Dismissing employees and re-engaging them on less favourable terms will generally be treated as automatic unfair dismissal from January 2027.

Limited exceptions apply where employers can demonstrate severe financial distress and that dismissal was the only reasonable option to avoid business collapse. The burden of proof will be high.

It is very important that you seek specialist HR advice before proposing contractual changes to avoid issues. Our specialists at Ditton HR can provide bespoke advice to ensure with lawful consultation strategies, alternatives to dismissal, and negotiating commercially focused outcomes.



Zero Hours & Low Hours Contract Reform

The Act introduces new rights aimed at reducing one-sided flexibility while retaining some forms of casual working.

Key measures include:

- Right to guaranteed hours based on regular working patterns
- Reasonable notice of shifts and changes
- Compensation for short-notice cancellations or curtailed shifts

These rights will also apply to agency workers, with responsibilities split between agencies and end hirers.

Many practical details remain under consultation, including reference periods and notice requirements. At Ditton HR we will closely monitor legislative developments and can help you adapt contracts, rota systems, and agency arrangements with confidence as regulations are finalised.

Statutory Sick Pay (SSP) Reforms



From April 2026:

- SSP becomes payable from day one of sickness absence
- The Lower Earnings Limit is removed, extending eligibility
- Lower earners receive SSP at 80% of normal weekly earnings

These changes will increase employer costs, particularly in sectors with high levels of part-time or casual work. Ditton HR can be on hand to guide you through these important updates to ensure you have legally compliant, fit for purpose absence policies, payroll processes, and cost planning.

Expanded Family-Friendly Rights

The Act strengthens family-related workplace rights, many of which become day-one entitlements, including:

- Paternity leave
- Unpaid parental leave
- Enhanced redundancy and dismissal protections during and after family leave
- New statutory bereavement leave (from 2027), including pregnancy loss before 24 weeks

Employers must ensure policies and manager training reflect these changes. Ditton HR can support you with ensuring your policy updates, manager guidance and training and sensitive case management are all up to scratch and legally compliant.



Stronger Protection Against Harassment

The Act builds on the existing duty to prevent sexual harassment by raising the bar and expanding coverage.

- Employers must take all reasonable steps (up from "reasonable steps") to prevent sexual harassment of employees.
- Employers become liable for harassment by third parties (e.g., customers, clients, contractors) relating to any protected characteristic, unless they have taken all reasonable steps to prevent it.
- Disclosures about sexual harassment are explicitly treated as protected qualifying disclosures under whistleblowing law (effective April 2026). Confidentiality clauses or NDAs cannot prevent employees from discussing or disclosing allegations of harassment or discrimination.



Ditton HR can help you assess harassment risks, implement robust preventative measures, and deliver effective training to managers and staff to ensure compliance.

Collective Redundancy Consultation Reforms 2026-2027

- An additional organisation-wide threshold test will trigger collective consultation requirements more readily (beyond the current 20+ redundancies at one establishment), with the exact threshold to be set in regulations.
- The maximum protective award for failure to consult properly doubles from 90 days' to 180 days' pay per affected employee. These changes increase compliance risks and costs for larger or multi-site redundancies, with implementation phased into 2027 for the new threshold (doubling of award potentially earlier).

Early HR involvement is essential. Ditton HR can provide end-to-end redundancy and restructuring support guiding you through complex and sensitive change with legal compliance and commercial focus.

Trade Union Modernisation

Between December 2025 and October 2026, trade union legislation will be significantly reformed, including:

- Simplified union recognition processes
- New obligations to inform employees of their right to join a union
- Expanded access rights for union representatives
- Reduced requirements for industrial action ballots and notice periods

These changes require careful handling of employee relations. Ditton HR has dedicated ER specialists with extensive experience in advising on union engagement, collective consultation, and wider industrial relations matters.



Fair Work Agency - April 2026

A new Fair Work Agency will launch in April 2026, consolidating enforcement powers across key employment rights including minimum wage, SSP, and holiday pay.

The Agency will have enhanced inspection, enforcement, and legal powers. Ditton HR can provide advice, guidance and support on preparing for inspections and maintaining defensible compliance records.

What Do All These Changes Mean in Practice?

Preparation is critical!

All employers should:

- Review employment contracts, policies, procedures and handbooks
- Strengthen probation and performance management processes
- Train managers on new rights and responsibilities
- Budget for increased employment costs
- Seek specialist HR advice early

Ditton HR partners with organisations of all sizes as a trusted extension of their business, delivering practical, compliant HR solutions tailored to their sector and workforce.

- Legislative change does not need to be overwhelming. As a team of specialist HR Consultants and trusted partners, Ditton HR provides:
Practical advice on employment law changes
- Bespoke HR Audits
- Policy and contract reviews
- Manager training and leadership guidance
- Support with dismissals, restructures, and change management -
Ongoing HR consultancy and retained support

If you need advice, guidance, or hands-on HR support Ditton HR is here to help you navigate change with confidence.

Please reach out for a no obligation chat about how we can support your business.



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