The Employment Rights Bill

Staying Compliant in 2025 and beyond

A comprehensive guide to the new Labour policies and what small business owners need to know to navigate the changing landscape of UK employment law.

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A Bit about Demos HR Solutions

Solutions

- Independent HR Consultancy based in Manchester
- Established 2017
- Over 20 years experience across multiple HR disciplines and industries
- Partner with SMEs from 1 – 100+ employees
- Specialisms include policy and compliance, people management, people development, people engagement, HR strategy design and implementation
- Certified and affiliated with relevant professional bodies and tools

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The Story So Far

The Employment Rights Bill has moved through Parliament at a swift pace. Understanding this timeline helps you prepare for what's ahead.

1 **October 2024**

Bill officially introduced to Parliament, marking the beginning of Labour's ambitious employment reform agenda.

2 **November–December 2024**

Commons readings took place, with MPs debating the core principles and provisions of the proposed legislation.

3 **February 2025**

Committee stage began, where detailed scrutiny and potential amendments were considered by specialist MPs.

4 **May 2025**

House of Lords rejected several proposed amendments, creating tension between the two chambers.

5 **July 2025**

Commons reasserted its position, exercising parliamentary privilege to push forward with original proposals.

6 **September 2025**

Bill returned from Commons to Lords for further consideration and final de

7 **28 October 2025**

Final Lords vote scheduled—a critical milestone that will determine the bill's passage into law.

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What Happens Next

The path from parliamentary approval to workplace implementation involves several crucial phases. Here's the roadmap of what's to come .

28 October 2025

Final Lords vote determines whether the bill passes into law without further amendments.

Late 2025

Royal Assent expected, officially making the Employment Rights Bill law across the UK.

Early 2026

Transitional guidance published by government to help employers understand compliance requirements.

2026–2027

Phased implementation begins, with different provisions taking effect on staggered dates.

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Key Reforms at a Glance

The Employment Rights Bill introduces sweeping changes across multiple areas of employment law. This overview highlights the major reforms

Day-One Employment Rights

Protection from unfair dismissal, statutory sick pay, and parental leave all available from the first day of employment.

Redundancy Consultation Changes

Wider consultation scope, lower thresholds for collective consultation, and increased protective awards.

Fair Work Agency

New enforcement body with enhanced powers to protect workers' rights and pursue non-compliant employers.

Extended Tribunal Claims

Time limit for filing employment tribunal claims extended from 3 months to 6 months.

End Fire and Rehire

Exploitative "bullying" fire and rehire practices will be prohibited to protect existing employees.

Enhanced Harassment Protection

Employers must take all reasonable steps to prevent sexual harassment and will be liable for third-party incidents.

Stronger Protections

Enhanced safeguards for carers, pregnant workers, and employees returning from maternity leave.

Flexible Working Default

Flexible working becomes the standard unless employers can demonstrate it's unreasonable.

Trade Union Reform

Modernised legislation including workplace access rights, enhanced protections, and updated balloting procedures.

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Zero-Hours Contracts: The Big Picture

Zero-hours and low-hours contracts have been a contentious issue in UK employment law. The new bill introduces significant reforms to address exploitation while preserving legitimate flexibility for both employers and workers.

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Spotlight on Zero-Hours Contracts

The bill fundamentally reshapes how zero-hours and low-hours contracts operate. These changes aim to eliminate exploitation while maintaining flexibility where it genuinely benefits both parties.

New Requirements

- **Ban on exploitative terms:** One-sided contracts for zero-hours (ZHC) or low-hours (LHC) workers will be prohibited.
- **Reasonable notice:** Employers must provide adequate advance notice of shifts and any changes or cancellations.
- **Shift compensation:** Workers are entitled to payment when shifts are cancelled or curtailed at short notice.
- **Information rights:** Workers must receive key employment information within the first two weeks of engagement.

Worker Protections

- **Guaranteed hours right:** After 12 weeks, workers can request a contract reflecting their regular working pattern.
- **Justified refusals:** Employers must provide valid business reasons for denying requests for guaranteed hours.
- **Enhanced safeguards:** Strengthened protections against unfiar treatment or dismissal for asserting these rights.
- **Enforcement:** The new Fair Work Agency will actively monitor compliance and pursue violations.

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Implications and Considerations

The zero-hours contract reforms require immediate strategic planning. Take action now to ensure compliance and minimise disruption when implementation begins in 2027.

Review Worker Patterns

Analyse your casual workers' actual hours over rolling 12-week periods to identify those who may qualify for guaranteed hours contracts.

Consider Fixed-Term Contracts

Where work patterns are predictable, implement fixed-term contracts that provide workers with certainty while maintaining business flexibility.

Improve Scheduling Systems

Invest in robust scheduling software to accurately track hours, provide adequate notice, and maintain detailed records for compliance.

Assess Cost Impact

Budget for potential increases in labour costs due to shift cancellation compensation and guaranteed hours commitments.

Communicate Openly

Engage with your casual workforce about these changes, emphasising your commitment to balancing flexibility with fairness.

Implementation: 2027

You have time to prepare, but start planning now. Early preparation reduces disruption and demonstrates good faith to your workforce.

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Other Key Changes Explained

Beyond zero-hours contracts, the Employment Rights Bill introduces fundamental shifts in day-one rights, sick pay, redundancy processes, and workplace enforcement.

1

Day-One Employment Rights

The two-year qualifying period for unfair dismissal protection is abolished. All employees can claim unfair dismissal and access parental leave from their first day, though a statutory probation period will apply to dismissals.

2

Statutory Sick Pay Reform

SSP becomes payable from day one of absence (no more three-day waiting period) at 80% of weekly earnings or the flat rate, whichever is lower. This applies to all workers, including those previously excluded.

3

Redundancy Consultation

Collective redundancy procedures will be extended with wider scope and lower thresholds. Tribunals can award significantly higher protective awards when employers fail to fulfill consultation obligations.

4

Fair Work Agency

This new enforcement body consolidates multiple agencies with powers to proactively enforce rights, bring tribunal claims on behalf of individuals, and provide legal support. It will also ensure proper payment of tips to workers.

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Other Key Changes Explained

Additional reforms target workplace harassment, firing practices, pregnancy protection, flexible working, and trade union - each requiring careful consideration and policy updates.

6

Extended Tribunal Claims

The time limit for filing employment tribunal claims doubles from 3 months to 6 months, giving employees more time to pursue claims and employers more extended exposure to potential litigation.

7

End Fire and Rehire

Exploitative "bullying" fire and rehire practices—where employers dismiss and rehire staff on worse terms—will be prohibited. Employers must demonstrate genuine business need and fair consultation for contract changes.

8

Harassment Prevention Duty

Employers must take *all reasonable steps* to prevent sexual harassment in the workplace. This proactive duty includes third-party harassment, making employers liable for incidents involving customers, clients, or suppliers.

9

Pregnancy Protection

Significantly enhanced protections for pregnant employees, those on maternity leave, and returning mothers (up to six months post-return). Dismissals during these periods face heightened scrutiny.

10

Flexible Working Default

The burden of proof shifts entirely: flexible working becomes the default arrangement unless employers can clearly demonstrate why it's unreasonable for their business or the specific role.

11

Trade Union Reforms

Modernised legislation enhances union rights including workplace access, updated rules on political funds and balloting, strengthened recognition procedures, and expanded protections during industrial action.

Implementation Timeline: What to Expect

The Employment Rights Bill provisions will roll out across multiple phases. Use this timeline to prioritise your compliance preparations and policy updates.

1

Autumn 2025

Trade union reform takes effect, including enhanced rights and protections for political funds, balloting, industrial action, and recognition. Trade unions gain the right to access workplaces.

2

April 2026

Major implementation date: Statutory Sick Pay paid from day one at 80% of earnings. Parental leave and paternity leave become day-one rights. Fair Work Agency established with enforcement powers. Protective award maximums increase significantly.

3

October 2026

Bullying fire and rehire practices prohibited. Extended 6-month tribunal claim time limits begin. Sexual harassment prevention duty takes effect, including third-party harassment liability. Trade union statement requirements commence.

4

At Some Point During 2027

Day-one unfair dismissal protection (with statutory probation period). Bereavement leave of at least one week becomes a day-one right. Flexible working becomes the default. Collective redundancy procedures extended.

5

Also During 2027

Enhanced pregnancy and maternity dismissal protection (up to 6 months post-return). Zero-hours workers gain shift notice rights and compensation. Right to guaranteed hours contracts after defined period. Large employers must create menopause and gender pay gap action plans.

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Preparing Your Business for Change

Successfully navigating organisational change requires a systematic approach. These five essential steps will help you prepare your business, ensure compliance, and empower your leadership team to handle new workforce requirements confidently

01

Audit Workforce Composition

Conduct a comprehensive review of your current workforce structure. Identify employment classifications, contract types, and worker status across all departments to establish a clear baseline.

02

Review Contracts

Examine existing employment agreements and contracts to ensure alignment with updated regulations. Identify gaps, outdated clauses, and areas requiring modification to maintain compliance.

03

Update Onboarding Documents

Refresh your onboarding materials to reflect new policies and procedures. Ensure all documentation clearly communicates rights, responsibilities, and expectations to new hires from day one.

04

Implement Tracking Systems

Deploy robust systems to monitor compliance, track employee data, and manage documentation efficiently. Digital solutions streamline reporting and reduce administrative burden.

05

Train Managers on New Rights

Equip your leadership team with knowledge and tools to understand and implement new employee rights. Comprehensive training ensures consistent application across your organisation.

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Summary and Questions

Thank you for your attention. We've covered the essential steps to prepare your business for upcoming changes in workforce management and employee rights.

Key Takeaways:

- Bill reshapes employment law
- Zero-hour contracts regulated, not banned

Bill likely to get Royal Ascent in November 2025 banned

Initial Legislation expected shortly after, but going through to 2026 and 2027

Consider implications now

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