

# THE UK'S EMPLOYMENT RIGHTS ACT

With the biggest change to employment law in generations on the cards, Citation explains how businesses can prepare for upcoming legislative changes

**T**he Employment Rights Act 2025 (ERA) has been dubbed a once-in-a-generation change to workplace rights and employment law in Great Britain. Aside from changes to statutory sick pay (SSP) entitlement, it does not apply in Northern Ireland, which will likely see similarly sweeping legislation coming into force in 2027.

The ERA covers everything from sick pay and zero hours contracts to unfair dismissal rights and flexible working.

The government has announced the timetable for the roll out of these changes, with eight coming into force in April 2026, nine in October 2026 and a further 11 to follow next year.

Full details of how many parts of the Act will apply in practice are still to emerge and this is likely to be an evolving situation over the next 18 months through a series of consultations and regulations, but we've got clear direction – greater fairness, stronger worker protections and more expectations on employers.

For British organisations, that means two things:

- Change is coming – steadily and continuously
- Inaction now will cost more later.

If you're feeling uncertain about what's coming and what to prioritise, here Citation offers a breakdown of the top changes and how you can start preparing.

## WHY THE ERA MATTERS NOW

Reforms will be staggered throughout the next two years, but setting foundations now means you will be ready for changes when they're implemented. This is particularly important for changes that impact:

- Payroll and sick pay costs
- Contractual terms and working patterns

## EMPLOYMENT RIGHTS ACT

### The government's timeline for change\*

The Employment Rights Act is now law and the UK Government has laid out the roadmap for rolling out the changes.

The reforms will come in stages. Statutory Sick Pay changes are set for April 2026, while zero-hours contract reforms and six-month unfair dismissal rights will land in 2027.

**Statutory Sick Pay - removal of waiting days and Lower Earnings Limit requirement**

**Establishment of the Fair Work Agency**

**Doubling maximum protective award for collective redundancy breaches**

**Day-one rights to paternity leave and unpaid parental leave**

**Strengthened whistleblowing protections**

**Simplified trade union recognition process**

**Extending voting methods for union ballots**

**Introduction of voluntary gender pay gap and menopause action plans**

**APRIL 2026**

## Employment rights

- Manager capability and documentation
- Onboarding and probation processes
- Employee expectations around fairness and flexibility.

Even without full clarity on every regulation, failing to prepare exposes businesses to avoidable risks.

The risks of not preparing include:

- **Compliance failures** – incorrect SSP payments, outdated policies and misapplied rights.
- **Increased tribunal exposure** – claim windows set to double from three to six months from October.
- **Financial strain** – especially when new rules on statutory sick pay and guaranteed hours contracts land.
- **Reputation risks** – failing fairness standards impacts recruitment and retention.
- **Internal friction** – uncertainty can grow in teams without clear communication.

## STATUTORY SICK PAY IMPACT

Across all ERA changes, SSP reforms will be one of the first that businesses feel financially.

From April 2026, SSP will be:

- Payable from **day one** of sickness absence (no waiting days).
- Available to **all employees regardless of earnings**, with the requirement to earn the lower earnings limit removed.
- Paid at the lower of either the **standard rate or 80 per cent of average weekly earnings** for lower paid employees.

This creates a predictable cost increase, particularly for those with:

- High sickness absence rates
- Large proportion of part-time or lower-paid staff
- Limited absence management processes
- Managers uncomfortable discussing wellbeing issues early.

If you don't have robust absence management systems and procedures in place, April 2026 could be a shock.



Employers required to take “all reasonable steps” to prevent sexual harassment

New obligation to prevent third-party harassment

Fire and rehire reforms come into force

Tribunal claim time limits extended to six months

Regulations for the Fair Pay Agreement Adult Social Care Negotiating Body

Duty to inform workers about union rights and strengthen union reps' protections

Tighter tipping laws

Errors in SSP risk breaching employment law and damaging trust with staff. And as more workers will be eligible, unclear procedures could result in inconsistent decisions, confusion and disputes.

Practical steps for employers include:

1. Reviewing and updating sickness absence management policies – are they simple, accessible, up to date and consistently put into practice?
2. Auditing your SSP processes – are payroll systems ready for day-one payments?
3. Training managers to hold early, supportive conversations about health.
4. Improving absence tracking – unclear data could cost you.
5. Assessing and building wellbeing – offer early support to reduce long-term absence.

## THE FAIR WORK AGENCY

A big structural change within the ERA is the formation of the new Fair Work Agency. It's a single enforcement body that will take over how workplace rights are monitored and enforced by the state. It's expected to be established in April, so it's important you know what it means.

The Fair Work Agency will:

- Bring together all labour market state enforcement powers under one roof.
- Extend the current areas of

**“EVEN WITHOUT FULL CLARITY ON EVERY REGULATION, FAILING TO PREPARE EXPOSES BUSINESSES TO AVOIDABLE RISKS”**

enforcement to include holiday pay and statutory sick pay.

- Inspect workplaces, review records and interview staff.
- Issue penalties for non-compliance – with potential fines up to 200 per cent for underpayments (with provisions to recover the costs incurred in taking enforcement action).
- Provide advice and assistance for employees in tribunal proceedings. It'll also have the power to bring tribunal claims on behalf of workers – even if they don't request it.

This means any gaps in documentation, pay accuracy or working hours records carry much higher risk.

With the Fair Work Agency's extended scope and tribunal claim windows increased from three to six months, claims and enforcement actions are likely to rise. Employers will need:

- Accurate pay and working time records
- Clear, updated policies
- Compliant contracts of employment

OCTOBER  
2026

# 2027

Six-month unfair dismissal rights

Zero-hours contract reforms (including agency workers)

Gender pay gap and menopause action plans made mandatory

Enhanced rights for pregnant workers

New powers defining "reasonable steps" on harassment

Updated industrial relations framework

Regulation of umbrella companies

Changes to collective redundancy consultation thresholds

Flexible working reforms

New bereavement leave rights



- Strong internal HR processes
- Managers who understand processes and apply them consistently.

Prepare now by:

- Checking your holiday pay, sick pay and minimum wage calculations are correct
- Reviewing your record keeping – especially working hours and pay
- Fixing any potential issues early.

## PROBATION, DISMISSAL AND EARLY EMPLOYMENT RISKS

The Act reduces the service requirement necessary to bring an unfair dismissal claim from two years to six months with effect from 1 January 2027. The change will come into force immediately on that date, meaning that from 1 January 2027, any employee with at least six months service will be able to bring a claim. This reform will make the early months of employment more consequential than ever.

A poorly managed probation process will carry significantly more risk. Employers need tighter structures and better training for managers who handle onboarding, performance, and early conduct issues.

Employers should now:

- **Clearly define probations** – length, extension process, criteria and notice.
- **Introduce review points** – one-month check-in, mid-point review and final assessment.

## NEED EXPERT GUIDANCE ON THE EMPLOYMENT RIGHTS ACT CHANGES?

Call the free Citation advice line on 0203 838 1710, available Monday to Friday, 9am-5pm and get practical answers to keep your business compliant and prepared. IIRSM members can find the passphrase to access the helpline at [bit.ly/iirsm-member-benefits](https://bit.ly/iirsm-member-benefits)



- **Document everything** – conversations, concerns, outcomes, expectations and next steps.
- **Train managers** in performance conversations and documentation.

Every probation system needs:

- Clear performance goals
- Behavioural expectations
- Set review dates
- Documented extension process
- Final written outcomes.

Stronger probation practices will minimise your legal risk and speed up onboarding, improve consistency and build trust with new hires.

## ZERO HOURS REFORMS

The Act introduces a new right to a guaranteed hours contract in

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certain circumstances together with rights to reasonable notice of and cancellation, curtailment or movement of shifts (and a right to compensation where the latter isn't given). This package of reforms is aimed at ending one-sided flexibility.

Employers need to be able to:

- Track patterns accurately to understand when obligations arise
- Manage changes to workforce planning from total flexibility to more predictable working patterns.

These changes are coming into force in 2027, but much of the detail of how this will work in practice has yet to be determined. However, you can get a headstart now by starting to review zero-hours and variable hours staff working patterns and reviewing how you plan and schedule your workforce.

## WHAT'S NEXT?

Over the next 24 months, you can expect to see a steady rollout of consultations, draft regulations and phased implementation dates. Now is your opportunity to revisit the implementation timeline, understand which reforms will impact your organisation first and start preparing the foundations.

While we're still awaiting much of the finer detail, by taking early, practical steps you will be in a stronger position when the new rules begin to take effect. ♥

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