

Updated  
Rights Act

# HUMANRESOURCES

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## Understanding the New UK Employment Rights Act 2025/2026

A Comprehensive Guide to  
Key Changes Coming in  
2026

Provided by  
HRCompleteManager  
Your Trusted Partner in UK  
HR Compliance

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# Important Notice

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**Legal Disclaimer:** This guide provides general information about the pending **UK employment law changes 2026** and the **Employment Rights Bill 2025**. It is intended for educational purposes only.

It does not constitute legal advice and should not be relied upon as such. Employment law is complex and subject to parliamentary amendments before final enactment.

Always consult with qualified legal professionals or employment law specialists for advice specific to your business circumstances. Refer to official government sources including gov.uk, ACAS (Advisory, Conciliation and Arbitration Service), and the Department for Business and Trade for the most current legal texts.

**Currency:** Information is accurate as of December 2025, based on the published draft of the Employment Rights Bill. As legislation evolves through Parliament, specific clauses may be amended.

**Scope:** This guide covers employees under UK employment law. Different rules may apply for workers, contractors, and self-employed individuals, although the distinction between "worker" and "employee" is a key area addressed by the new legislation.

# Introduction

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## The Importance of the Employment Rights Bill

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The **Employment Rights Bill 2025** represents a generational shift in the United Kingdom's approach to labour relations. Often described as the biggest upgrade to workers' rights in a generation, this legislative package fundamentally alters the balance of power and responsibility within the workplace. For HR professionals and business owners, it marks a transition from a period of relatively stable regulation to a new era of enhanced compliance obligations.

Navigating **UK employment law changes 2026** is not merely a box-ticking exercise; it is a strategic necessity. The introduction of broad sweeping reforms affects everything from recruitment strategies to dismissal procedures. Companies that fail to prepare for these changes risk not only significant financial penalties at tribunal but also reputational damage in an increasingly socially conscious market.

## Objectives of the Book

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This Book aims to provide a comprehensive, actionable overview of the Employment Rights Bill, detailing its profound implications for both employers and employees. While legal texts can be dense and inaccessible, this guide translates statutory requirements into practical business processes.

By examining the key changes scheduled for implementation in 2026, HRCompleteManager hopes to equip HR professionals, business owners, and employees with the knowledge needed to adapt to these reforms proactively rather than reactively.

# Why You Should Care About the Employment Rights Bill

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With the Employment Rights Bill set to significantly reshape employment practices, staying informed is essential for compliance and competitiveness. The legislation introduces immediate "day one" rights that remove the traditional qualifying periods for unfair dismissal protection, bans exploitative practices, and mandates proactive duties regarding workplace safety.

## **HRCompleteManager Insight**

With employment law becoming increasingly complex, staying compliant requires systematic approaches. The "wait and see" approach is dangerous given the removal of qualifying periods. HRCompleteManager's desktop-based software provides the necessary tools to update contracts and policy documents instantly, ensuring you are ready before the law takes effect.

# What is the Employment Rights Bill?

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## Overview of the Bill

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The **Employment Rights Bill 2025** is a landmark legislative initiative designed to strengthen protections for workers, ensuring a fair and equitable workplace for all. It introduces a suite of reforms intended to modernise employment law, making it more responsive to the needs of today's workforce and closing loopholes that have emerged with the rise of the gig economy.

The Bill is not a single rule but a comprehensive package that amends existing frameworks like the *Employment Rights Act 1996* and the *Equality Act 2010*. It consolidates various manifesto commitments into statutory law, creating a new baseline for what constitutes "decent work" in the UK.

## Key Goals and Principles

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- **Strengthened Worker Protections:** The Bill extends fundamental rights to employees from their first day on the job, removing the two-year qualifying period that historically acted as a buffer for employers.
- **Fair Treatment:** It specifically targets practices deemed exploitative, such as "fire and rehire" and one-sided zero-hours contracts.
- **Modernisation of Employment Practices:** The legislation attempts to align employment law with contemporary working conditions, including flexible working as a default and the "right to switch off" (though this is largely being handled through Codes of Practice).
- **Security of Income:** Ensuring that workers have predictable hours and income stability is a core tenet, moving away from the precarious nature of gig-economy roles.

## Impact on Modern Employment Practices

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The Bill will redefine traditional employment structures. For decades, the UK labour market was characterised by its flexibility. The new **employment legislation 2025** seeks to balance this flexibility with security. It challenges the "gig" model by forcing employers to offer guaranteed hours based on actual working patterns and limits the ability to use probation periods as easy dismissal windows.

For HR departments, this means a shift from reactive management—dealing with issues as they arise—to proactive compliance. Contracts must be robust from day one, and performance management systems must be rigorous and transparent, as the safety net of the two-year dismissal rule disappears.

# Why the Employment Rights Bill?

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// Employees in the UK have the right to a **safe** workplace, and it falls to their employers to take care of their health and safety while at work.



## Addressing Unfair Practices in the Workplace

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The **Employment Rights Bill** was introduced in response to escalating concerns regarding unfair dismissal, exploitative contracts, and workplace harassment. High-profile cases of mass redundancies—most notably the P&O Ferries scandal—highlighted the weaknesses in UK labour protections against "fire and rehire" tactics. These events catalysed political will to close regulatory gaps.

Furthermore, the prevalence of zero-hours contracts has left over a million workers in a state of financial insecurity, unable to budget or plan their lives. The Bill aims to correct this power imbalance, ensuring that flexibility works both ways, not just in favour of the employer.

# The Impact of COVID-19 on Employment Law

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The COVID-19 pandemic fundamentally reshaped the way we work, bringing to light the inadequacies of existing employment protections. Issues such as sick pay eligibility (which was often too low or had waiting days) and the lack of flexible working rights became critical public health and economic concerns.

In response, the Bill reforms Statutory Sick Pay (SSP) by removing the lower earnings limit and the waiting period, acknowledging that health protections are essential for a resilient workforce. The pandemic also proved that remote and flexible working is viable, prompting the legislation to make flexible working a day-one right.

## The Need for Reform in Today's Economy

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As the economy evolves, so too must the laws that govern it. The rise of the gig economy created a class of "workers" who fell into a legal grey area—neither fully employed nor truly self-employed. This ambiguity allowed some businesses to bypass standard employment costs and rights.

The **workplace protections UK** framework needed an update to reflect 21st-century realities. With productivity stagnation being a long-term issue for the UK economy, the government argues that secure, well-treated workers are more productive workers. By raising the floor of employment rights, the Bill aims to foster higher engagement and reduce turnover, ultimately benefiting the economy.

# Who Will the Employment Rights Bill Affect?

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## Stakeholders in the New Employment Landscape

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The ERB will have wide-reaching implications across various sectors, impacting every participant in the labour market.

### Employers of All Sizes

Contrary to some misconceptions, these rules do not apply only to large corporations. Small and Medium Enterprises (SMEs) will face significant changes. Small businesses, which often rely on informal HR processes, will need to formalise their approach to probations and dismissals immediately. The removal of the two-year qualifying period for unfair dismissal is particularly impactful for smaller employers who may lack dedicated HR departments.

## Workers and Employees

The distinction between "worker" and "employee" is crucial. While the Bill enhances rights for employees significantly, it also extends protections to "workers" (such as those in the gig economy), particularly regarding zero-hours contracts and the right to predictable hours.

## Implications for Employers and Employees

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**For Employers:** The burden of proof in dismissal cases will be higher. Recruitment costs may rise as businesses become more risk-averse in hiring, knowing that dismissing a poor hire will require a formal, legally sound process from the start. Compliance costs will increase, necessitating better record-keeping systems.

**For Employees:** Job security increases immediately. Employees will have greater confidence to challenge unfair treatment without fear of arbitrary dismissal. However, they may find recruitment processes become more rigorous as employers seek to minimise the risk of a "bad hire."

## Role of Trade Unions and HR Professionals

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Trade unions will see their role revitalised. The Bill includes provisions to simplify statutory recognition processes and grants unions greater access to workplaces. This signals a move towards more collective bargaining.

**HR Professionals** are the linchpin of this transition. They are tasked with auditing current contracts, rewriting handbooks, training line managers on the new "day one" dismissal risks, and implementing systems to track "reasonable steps" for harassment prevention. Tools like HRCompleteManager become essential for HR professionals to manage this increased administrative and legal load efficiently.

# Key Changes Coming in 2026

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The following sections detail the specific legal changes that form the core of the **HR compliance 2026** landscape.

## Day 1 Rights for Employees

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Perhaps the most significant change is the introduction of **day one employment rights** regarding unfair dismissal. Currently, employees must have two years of service to claim ordinary unfair dismissal. Under the new Act, this protection applies from the start of employment.

**Implications:** Employers can still use probationary periods, but the Bill mandates that these must be "statutory assessments" with clear rules. You cannot simply let someone go without reason during probation; the process must be fair and documented. This effectively ends the practice of "short-service dismissal" without cause.

## Enhanced Whistleblower Protections

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Stronger safeguards will be put in place to protect whistleblowers. The definition of what constitutes a protected disclosure is being widened, particularly regarding sexual harassment. The Bill ensures that **whistleblower protection** is robust, making it easier for employees to report wrongdoing without fear of retaliation or career detriment.

## Ban on Fire-and-Rehire Tactics

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The **fire and rehire ban** is a direct response to practices where employers dismiss staff only to re-engage them on inferior terms and conditions. The new legislation makes such dismissals automatically unfair unless the employer can prove that the business was in severe financial distress and that no other option was viable.

This raises the bar significantly. Employers can no longer use termination as a negotiating tactic to force through contract changes. Consultation requirements are strengthened, and tribunals will have the power to award increased compensation for breaches.

## New Duties to Prevent Sexual Harassment



The *Worker Protection (Amendment of Equality Act 2010) Act* introduced a proactive duty, but the new Bill goes further. It introduces a stronger **sexual harassment prevention duty**, requiring employers to take "all reasonable steps" to prevent harassment, including from third parties (customers, clients).

Failure to implement these steps can result in a compensation uplift of up to 25% at tribunal. Employers must move beyond having a policy in a drawer; they must demonstrate training, risk assessments, and active monitoring of the workplace culture.



## Enhanced Sick Pay and Bereavement Leave

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**Statutory Sick Pay (SSP)** will be reformed to be available from day one of illness (removing the three-day waiting period) and the lower earnings limit will be removed, extending coverage to the lowest paid.

Furthermore, the Bill establishes a statutory right to **bereavement leave**. While many employers offer this compassionately, it will now be a legal requirement, ensuring a minimum standard of decency during personal tragedies.

### Compliance Check with HRCompleteManager

Are your systems ready to calculate SSP from day one? Can you track the 12-week reference period for zero-hours workers to automatically trigger a contract offer? HRCompleteManager's automated alerts and calculation engines handle these complex new variables, ensuring you never miss a compliance trigger.

# Implementation Timeline

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Understanding the phased approach is critical for strategic planning. The government has indicated that while the Bill may pass in 2025, the substantive secondary legislation required to implement many clauses means the bulk of compliance duties will land in 2026.

Timeframe	Milestone	Employer Action Required
Late 2025	Royal Assent Expected	Review all current employment contracts and handbooks. Begin consultation with unions or employee reps.
April 2026	Phase 1 Implementation	Introduction of major reforms including whistleblower protections and new parental leave rights. Day 1 SSP changes likely effective.
October 2026	Phase 2 Implementation	Implementation of the fire-and-rehire ban and the strict new sexual harassment prevention duties. Day 1 Unfair Dismissal rights likely come into force here (subject to consultation).
2027	Full Enactment	Final stages focusing on complex reporting regarding gender equality and full enforcement of zero-hours contract guarantees.

## Key Dates and What to Expect

Employers should use the period between Royal Assent (late 2025) and implementation (2026) to train managers. The biggest risk lies in line managers who are accustomed to the old rules—dismissing staff informally during probation or cancelling shifts last minute. Without training, these managers will expose the company to immediate legal liability under the new Act.

# How HRCompleteManager Helps with Compliance

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The **New UK Employment Rights Act 2025** introduces a level of administrative complexity that manual spreadsheets and paper files simply cannot handle. HRCompleteManager provides a robust, secure, desktop-based solution to automate compliance.

## Risk Mitigation and Audit Trails

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With the new "reasonable steps" duty for sexual harassment, simply having a policy is not enough. You must prove you took action. HRCompleteManager logs every policy distribution, every training completion, and every read-receipt from employees. This creates an unassailable audit trail should you ever face a tribunal.

## Automated Zero-Hours Management

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Tracking the "reference period" for every zero-hours worker to determine if they qualify for a permanent contract is a logistical nightmare. HRCompleteManager's time and attendance modules automatically analyse working patterns over the statutory 12-week period and flag when a worker is entitled to a guaranteed hours contract, keeping you compliant without the manual calculation.

# Secure, Offline Data Protection

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While compliance with employment law is critical, so is data security. Unlike cloud systems that expose sensitive employee data to online threats, HRCompleteManager operates on a secure, encrypted local database. This ensures that while you navigate the new **employment legislation 2025**, your data remains under your absolute control, fully compliant with UK GDPR.

## Key Features for the 2026 Transition:

- **Contract Generator:** Instantly update statement of particulars to meet new Day 1 requirements.
- **Probation Management:** Structured probationary review workflows that meet the new statutory assessment criteria.
- **Absence Management:** Updated SSP calculators that remove waiting days and lower earnings limits automatically.
- **Document Version Control:** Ensure no employee is working off an outdated handbook that doesn't reference the new rights.

# Conclusion

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## The Future of Employment Rights in the UK

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The **Employment Rights Bill** represents a transformative shift in UK employment law, aiming to create a fairer, more transparent workplace for all. It moves the UK closer to a European model of social protections, prioritising job security and fairness over pure deregulation.

While the changes are challenging, they also offer an opportunity. Businesses that embrace these standards can position themselves as employers of choice. In a tight labour market, offering "Day 1 Rights" and secure contracts is a powerful recruitment tool.

## Preparing for the Changes Ahead

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Staying informed and proactive will be key. The window for preparation is narrowing. By 2026, the landscape will have changed permanently. Employers must audit their workforce composition, review their reliance on zero-hours contracts, and professionalise their dismissal procedures immediately.

With tools like HRCompleteManager, this transition can be managed smoothly, turning a compliance burden into an operational strength.

# References

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## Further Reading and Resources

- **HRCompleteManager Knowledge Base:** [www.hrcompletemanager.com/resources](http://www.hrcompletemanager.com/resources) - Regular updates on legislative timelines and software patches.
- **ACAS (Advisory, Conciliation and Arbitration Service):** Guidance on the new Code of Practice on Dismissal and Re-engagement.
- **Chartered Institute of Personnel and Development (CIPD):** Impact analysis of the Employment Rights Bill on UK productivity.

## Links to Government Publications and Legal Analysis

- **UK Parliament Bills:** *Employment Rights Bill 2024-25* full text and explanatory notes.
- **Department for Business and Trade:** "Next Steps to Make Work Pay" – Government policy paper outlining the implementation roadmap.
- **UK Legislation:** *The Employment Rights Act 1996* (as amended by the 2025 Act).