

Employment Rights Act 2025

Business action planner

With major changes on the horizon, this checklist is essential to help you get organised without delay and stay compliant with the Employment Rights Act changes coming into effect from 2026 to 2027.

April 2026

1. Statutory sick pay (SSP) changes

From 6 April 2026, waiting days and lower earnings limit abolished.

Actions

- Update contracts, handbooks and sick pay policies to reflect immediate eligibility and train managers and those with payroll responsibilities on the new rules.
- Ensure payroll systems can calculate SSP from the first day of sickness and that the correct rates are applied.
- Communicate changes and provide training where needed.



Risk of non-compliance

Penalties for incorrect SSP provision.



Cost considerations

Higher short-term absence costs.

2. Paternity and parental leave

From 6 April 2026, becoming day-one rights. Paternity can be taken before or after Shared Parental Leave.

Actions

- Update contracts of employment, handbooks and family-friendly leave policies to reflect the new entitlements.
- Communicate policy updates clearly to all staff.
- Train managers on the new rules.
- Plan for increased uptake of family leave and parents to take statutory paternity leave before or after shared parental leave.



Risk of non-compliance

Employee grievances or legal claims relating to entitlement errors.



Cost considerations

Increased leave-related absence.

3. Sexual harassment

From 6 April 2026, becoming a protected disclosure.

Actions

- Update contracts of employment, handbooks and grievance and whistleblowing policies.
- Communicate policy updates, reporting mechanisms and support for whistleblowers clearly to all staff.
- Train managers on how to handle whistleblowing complaints.



Risk of non-compliance

Increased claims risks, reputational damage.



Cost considerations

Increased compensation payments..

4. Fair work agency

Established on 7 April 2026, powers rolling out in 2027.

Actions

- Audit employment law compliance, update contracts of employment, handbooks, policies and employment practices to ensure compliance.
- Communicate policy updates clearly to all staff.
- Train managers to identify and resolve compliance issues and to keep robust documentation.



Risk of non-compliance

Increased claims risks, reputational damage.



Cost considerations

Increased compensation payments.

5. Collective redundancy

From 6 April 2026, penalties for failures in informing and consulting doubling to 180 days.

Actions

- Review and update redundancy procedures to ensure full compliance with consultation rules.
- Train managers on legal obligations and effective communication during collective consultation processes.
- Keep up to date with legal developments and prepare to update policies and procedures as developments occur.



Risk of non-compliance

Significant financial penalties and reputational harm.



Cost considerations

Increase of the maximum protective award and potential legal cost.

6. Duty to Keep Holiday Records

From 6th April, employers must maintain adequate records tracking their staff's annual leave and any associated payments.

Actions

- Employers will be required to keep records to prove compliance. The information that must be recorded includes:
 - ordinary and additional annual leave;
 - annual leave carried forward from previous years;
 - details of holiday pay, including which pay elements have been included or excluded;
 - any payments in lieu of annual leave, including for carried over leave.
- Employers should audit how they record workers' annual leave entitlement and pay, and identify where there may be gaps.



Risk of non-compliance

May lead to penalties with both the ERA and Working Time Regulations.



Cost considerations

May lead to significant financial penalties and reputation harm.

July 2026

7. Unfair dismissal

Qualifying period reducing to 6 months and cap on unfair dismissal compensation removed from 1 January 2027. This will impact anyone employed on or before 1st July 2026.

Actions

- Review recruitment and selection processes to help get the right employees in place, reducing the risk of disputes and claims.
- Update contracts and handbooks to reflect the six-month qualifying period.
- Review probation policies to ensure fairness and transparency, including appeal rights.
- Train managers to manage probationary periods, performance and conduct issues promptly and to document discussions, meetings and decisions contemporaneously to reduce disputes and demonstrate fair and lawful processes.



Risk of non-compliance

Tribunal claims for poorly managed dismissals, heightened by poorly managed probationary periods.



Cost considerations

Potential increase in legal exposure and settlement costs.

August - October 2026

8. Enhanced protections against harassment

Becoming duty to take “all” reasonable steps and third-party harassment provisions introduced.

Actions

- Update anti-harassment policies to cover third-party harassment and communicate them to staff.
- Engage with your staff.
- Provide training for managers and employees on recognising, reporting and responding to harassment.
- Conduct risk assessments and introduce preventative measures, including robust reporting mechanisms.
- Strengthen sexual harassment prevention measures across all work environments.
- Focus on learning and continuous improvement.
- Keep up to date with legal developments, including forthcoming regulations and prepare to update policies and procedures as developments occur.



Risk of non-compliance

Increased exposure to claims, as well as those involving third parties.



Cost considerations

Potential legal costs, compensation and reputational damage.

9. Tribunal time limits

Change expected in October 2026.

Actions

- Update internal HR processes and guidance to reflect the extended six-month time limit for most tribunal claims.
- Ensure managers maintain accurate records for longer.
- Consider whether the extended limitation period affects your approach to early resolution and settlement, as a longer window to bring claims may influence dispute handling strategy.



Risk of non-compliance

Increased claims risks.



Cost considerations

Increased compensation payments or settlements.

10. Trade union engagement

Actions

- Develop a strategy for constructive engagement with trade unions.
- Train managers in effective communication and negotiation with union representatives.



Risk of non-compliance

Disputes or industrial action.



Cost considerations

Potential costs to resolve disputes or industrial action.

11. Performance and probation periods

Compliance review becoming more critical when unfair dismissal qualifying period changes.

Actions

- Ensure probationary and performance processes are robust and consistently applied.
- Keep clear documentation for each stage of probation reviews.
- Train managers to handle performance issues effectively from the start of employment.



Risk of non-compliance

Tribunal claims for poorly documented or mishandled probation dismissals.



Cost considerations

Legal costs associated with claims.

2027

12. Strengthened flexible working rights

Actions

- Update flexible working policies to reflect new rights and decision-making expectations.
- Implement a clear framework for evaluating requests.
- Train managers on the updated policies and processes.



Risk of non-compliance

Claims of breach of flexible working rights, constructive unfair dismissal or discrimination.



Cost considerations

Investment in remote-working systems and equipment.

13. Fire and rehire

Becoming automatically unfair unless statutory exceptions apply.

Actions

- Review and update processes for varying terms and conditions.
- Ensure contractual variations are properly justified and documented.
- Avoid relying on existing flexibility clauses without legal review.
- Train managers on the new automatic unfair dismissal risks and the narrow financial difficulties exemption.



Risk of non-compliance

Legal disputes, claims of unfair treatment and damage to reputation.



Cost considerations

Potential costs related to restructuring and contract renegotiation.

14. Zero and low-hours contracts

New obligations including right to a more stable contract, guaranteed hours and compensation for cancelled or moved shifts.

Actions

- Update payroll systems.
- Update contracts and policies for zero-hours workers.
- Train managers on the updated policies and processes.
- Audit zero-hours staff to compare contractual hours with actual working patterns.
- Update contracts to ensure alignment with new rights.
- Communicate the new entitlements to workers.



Risk of non-compliance

Legal challenges over working hours and compensation for shifts cancelled or moved at short notice.



Cost considerations

Increased labour costs when providing guaranteed hours.

Contact us

Unsure how these reforms will affect your organisation? Contact us for expert, practical guidance to help ensure your business is fully prepared before the new rules take effect.



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