InfinityHR

# 2025 UK Employment Law Changes

What Employers Need to Know

FREE GUIDE

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# 1 Employment Rights Bill Overview

### WHAT CHANGED

The Employment Rights Bill, introduced in October 2024, represents the most significant overhaul of UK employment law in a generation. The legislation delivers on the government's "Plan to Make Work Pay" and affects virtually every aspect of the employer-employee relationship.

Key areas include unfair dismissal from day one, flexible working as the default, restrictions on zero-hours contracts, strengthened trade union rights, and a new Fair Work Agency to enforce compliance.

### WHEN IT TAKES EFFECT

**Phased rollout: 2025–2026**

Most provisions will come into force through secondary legislation during 2025 and 2026. Some measures, such as the single enforcement body (Fair Work Agency), may take longer to establish.

### WHAT EMPLOYERS NEED TO DO

- ✓ Review all current employment contracts and policies
- ✓ Brief your management team on the key changes
- ✓ Audit your current onboarding and probation processes
- ✓ Engage with an HR consultant to assess your exposure

> **KEY TAKEAWAY**
>
> This Bill touches every employer in the UK. Whether you employ 5 people or 5,000, you need to understand the changes and start preparing now.

# 2 Day-One Unfair Dismissal Rights

### WHAT CHANGED

The two-year qualifying period for unfair dismissal claims is being removed. Employees will have the right to claim unfair dismissal from their first day of employment. This is one of the most impactful changes in the Bill.

A statutory probationary period (likely nine months) will allow employers to use a lighter-touch dismissal process for new hires, but a fair reason for dismissal will still be required from day one.

### WHEN IT TAKES EFFECT

**Expected: Autumn 2026**

The government has indicated this will apply to employees hired on or after the commencement date, with existing employees retaining their current qualifying period provisions.

### WHAT EMPLOYERS NEED TO DO

- ✓ Implement robust probationary period processes with clear objectives
- ✓ Strengthen your recruitment process to reduce the risk of poor hires
- ✓ Train line managers on fair dismissal procedures from day one
- ✓ Document all performance management conversations from the outset

> **IMPORTANT**
>
> Every new hire will be able to bring an unfair dismissal claim. Getting your recruitment and onboarding right is now more critical than ever.

# 3 Day-One Flexible Working Rights

### WHAT CHANGED

Flexible working becomes the default position from the first day of employment. Employers must accommodate requests unless they can demonstrate it is unreasonable to do so, reversing the current burden of proof.

The requirement for employees to explain the effect of their request on the employer has been removed. Employers must now explain why a refusal is reasonable within one month.

### WHEN IT TAKES EFFECT

**April 2024 (already in force)**

The right to request flexible working from day one is already in force. The Employment Rights Bill strengthens this further by making it harder for employers to refuse requests.

### WHAT EMPLOYERS NEED TO DO

- ✓ Update your flexible working policy to reflect the new default position
- ✓ Train managers on how to fairly assess flexible working requests
- ✓ Document clear business reasons when declining any request

# 4 Statutory Sick Pay From Day One

### WHAT CHANGED

Statutory Sick Pay (SSP) will be payable from the first day of sickness absence, removing the current three waiting days. The lower earnings limit (currently £123 per week) is also being removed, meaning all employees will be eligible regardless of their earnings.

### WHEN IT TAKES EFFECT

**Expected: 2026**

The exact commencement date will be confirmed through secondary legislation.

### WHAT EMPLOYERS NEED TO DO

- ✓ Budget for increased SSP costs, particularly if you employ many part-time or lower-paid workers
- ✓ Review your absence management policy and trigger points
- ✓ Update payroll systems to process SSP from day one

# 5 Fire and Rehire Restrictions

### WHAT CHANGED

Dismissing employees for refusing to accept changes to their terms and conditions (fire and rehire) will become automatically unfair, except in very limited circumstances where the business can demonstrate it faces genuine financial difficulties threatening its viability.

### WHEN IT TAKES EFFECT

**Expected: 2025**

This is among the earlier provisions expected to come into force.

### WHAT EMPLOYERS NEED TO DO

- ✓ Never use fire and rehire as a negotiation tactic
- ✓ Engage in genuine consultation when proposing contractual changes
- ✓ Seek legal advice before issuing any dismissal notices linked to contract variations

> **WARNING**
>
> Any dismissal connected to fire and rehire will be automatically unfair — there is no cap on compensation for automatic unfair dismissal.

# 6 Zero-Hours Contracts Reforms

### WHAT CHANGED

Workers on zero-hours and low-hours contracts will gain the right to a guaranteed-hours contract based on hours worked during a reference period. They will also have the right to reasonable notice of shifts and compensation for late cancellation or curtailment of shifts.

### WHEN IT TAKES EFFECT

**Expected: 2025–2026**

Implementation details will be set out in secondary legislation and Codes of Practice.

### WHAT EMPLOYERS NEED TO DO

- ✓ Audit your use of zero-hours and casual contracts
- ✓ Consider whether you can offer guaranteed-hours contracts now
- ✓ Implement proper shift scheduling and notice procedures
- ✓ Budget for compensation payments when cancelling shifts at short notice

# 7 Sexual Harassment Prevention

### WHAT CHANGED

From October 2024, employers have a positive duty to take reasonable steps to prevent sexual harassment of employees. The Employment Rights Bill strengthens this further by reintroducing employer liability for third-party harassment and enabling a 25% uplift on compensation at tribunal if the duty is breached.

### WHEN IT TAKES EFFECT

**October 2024 (already in force)**

The preventative duty is already in force. Further strengthening via the Employment Rights Bill is expected in 2025.

### WHAT EMPLOYERS NEED TO DO

- ✓ Conduct a harassment risk assessment across your organisation
- ✓ Implement mandatory anti-harassment training for all staff
- ✓ Update your harassment and grievance policies
- ✓ Establish clear reporting channels including anonymous options

> **FINANCIAL RISK**
>
> Failure to take reasonable steps to prevent harassment can result in a 25% uplift on tribunal compensation — on top of the uncapped injury-to-feelings award.

# 8 Right to Disconnect

### WHAT CHANGED

The government plans to introduce a statutory Code of Practice on the right to disconnect, giving employees the right not to be contacted outside of working hours except in exceptional circumstances. While not creating a standalone legal right initially, breach of the Code may be used as evidence in tribunal proceedings.

### WHEN IT TAKES EFFECT

**Expected: 2025–2026**

A draft Code of Practice is expected before the main provisions come into force.

### WHAT EMPLOYERS NEED TO DO

- ✓ Develop a communication policy setting out expectations for out-of-hours contact
- ✓ Review workload levels and whether employees are routinely working beyond their hours
- ✓ Consider implementing email delay tools or scheduling features

# 9 Neonatal Care Leave

### WHAT CHANGED

A new right to neonatal care leave allows parents of babies admitted to neonatal care to take up to 12 weeks of paid leave. This is in addition to existing maternity, paternity, and shared parental leave entitlements. The right applies from day one of employment.

### WHEN IT TAKES EFFECT

**April 2025**

The Neonatal Care (Leave and Pay) Act 2023 regulations come into force on 6 April 2025.

### WHAT EMPLOYERS NEED TO DO

- ✓ Update your family leave policies to include neonatal care leave
- ✓ Brief your payroll team on statutory neonatal care pay calculations
- ✓ Ensure managers are trained to handle these requests sensitively

# 10 Redundancy Consultation Changes

### WHAT CHANGED

The threshold for collective redundancy consultation will be based on the total number of redundancies across the whole business, not just at a single establishment. This closes a loophole that allowed larger employers to avoid collective consultation by making redundancies across multiple sites.

### WHEN IT TAKES EFFECT

**Expected: 2025**

Details will be confirmed through secondary legislation.

### WHAT EMPLOYERS NEED TO DO

- ✓ Factor in all sites when calculating redundancy numbers
- ✓ Begin collective consultation when making 20+ redundancies across the business
- ✓ Ensure you notify the Insolvency Service (HR1 form) when required

# 11 National Minimum Wage Increases

### WHAT CHANGED

From April 2025, the National Living Wage and National Minimum Wage rates increase significantly. The age threshold for the National Living Wage drops from 23 to 21.

### WHEN IT TAKES EFFECT

**1 April 2025**

| Age Group | Current Rate | April 2025 Rate |
|---|---|---|
| 21 and over (NLW) | £11.44 | £12.21 |
| 18 to 20 | £8.60 | £10.00 |
| Under 18 | £6.40 | £7.55 |
| Apprentice | £6.40 | £7.55 |

### WHAT EMPLOYERS NEED TO DO

- ✓ Update payroll systems before 1 April 2025
- ✓ Review any salary structures that sit close to the new minimum rates
- ✓ Budget for the increased wage bill

# 12 Auto-Enrolment Pension Changes

### WHAT CHANGED

The Pensions (Extension of Automatic Enrolment) Act 2023 lowers the age for auto-enrolment from 22 to 18 and removes the lower earnings threshold (currently £6,240). This means more workers will be automatically enrolled in workplace pensions and contributions will be calculated from the first pound earned.

### WHEN IT TAKES EFFECT

**Expected: Mid-2025 onwards**

The government has the power to implement these changes but has not yet confirmed the exact date.

### WHAT EMPLOYERS NEED TO DO

- ✓ Review your pension auto-enrolment processes for employees aged 18–21
- ✓ Budget for increased employer pension contributions
- ✓ Update payroll to calculate contributions from the first pound

# 13 Employer Action Checklist

Use this checklist to track your preparation. Prioritise high-risk areas first.

| Action | Priority | Target Date |
|---|---|---|
| Review and update employment contracts | High | Before October 2025 |
| Implement structured probationary periods | High | Before Autumn 2026 |
| Update flexible working policy | High | Immediately |
| Conduct harassment risk assessment | High | Immediately |
| Update payroll for NMW increases | High | Before April 2025 |
| Add neonatal care leave to policies | High | Before April 2025 |
| Audit zero-hours contracts | Medium | Q2 2025 |
| Review fire-and-rehire procedures | Medium | Q2 2025 |
| Develop right-to-disconnect policy | Medium | When Code published |
| Update SSP and absence policies | Medium | Before 2026 |
| Review redundancy consultation processes | Low | Q3 2025 |
| Prepare for pension auto-enrolment expansion | Low | When dates confirmed |
| Book annual HR health check with Infinity HR | High | Now |

# 14 How Infinity HR Can Help

Navigating these changes alone is risky. Our CIPD-qualified consultants are here to protect your business.

## Our Services

### Employment Law Advice

Expert guidance on compliance with the Employment Rights Bill and all UK employment legislation.

### Contract & Policy Reviews

We review and update your contracts, handbooks, and policies to ensure full compliance.

### Management Training

Practical training for your managers on fair dismissal, harassment prevention, and more.

### HR Outsourcing

Let us handle your HR so you can focus on growing your business with confidence.

Get Your Free Consultation →

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**Get Your Free HR Consultation Today**