



2026 UK Employment Law Changes

The Employment Rights Act — What Employers Need to Know

FREE GUIDE

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Employment Rights Act 2025: Overview & Timeline

WHAT CHANGED

The Employment Rights Bill received Royal Assent on 18 December 2025 and is now the **Employment Rights Act 2025** — the most significant overhaul of UK employment law in a generation. The Act delivers the government's "Plan to Make Work Pay" and affects virtually every aspect of the employer-employee relationship.

The changes are being phased in over several years. The first major wave took effect in April 2026 and is already law. Further waves follow in October 2026 and throughout 2027.

THE IMPLEMENTATION TIMELINE

Date	Key Measures
18 Feb 2026 (in force)	Trade union reforms; dismissal for taking industrial action automatically unfair
6 Apr 2026 (in force)	Day-one SSP; day-one paternity and unpaid parental leave; protective award doubled; whistleblowing protection for sexual harassment disclosures
7 Apr 2026 (in force)	Fair Work Agency established
Oct 2026	Third-party harassment liability; "all reasonable steps" standard; tipping policy consultation; tribunal time limits extended to 6 months
1 Jan 2027	Unfair dismissal after 6 months' service; compensation cap removed; fire and rehire automatically unfair
2027	Guaranteed hours for zero-hours workers; statutory bereavement leave; mandatory menopause and gender pay gap action plans (250+ staff)

WHAT EMPLOYERS NEED TO DO

- ✓ Confirm your payroll and absence processes reflect the April 2026 changes already in force
- ✓ Brief your management team on the October 2026 and January 2027 waves
- ✓ Review contracts, handbooks, and policies against the new requirements
- ✓ Engage an HR consultant to assess your exposure before the next wave lands

KEY TAKEAWAY

This Act touches every employer in the UK. The April 2026 changes are already law — if your policies still reflect the old rules, you are exposed today, not next year.

2 Statutory Sick Pay From Day One

WHAT CHANGED

Statutory Sick Pay (SSP) is now payable from the **first day of sickness absence** — the three waiting days have been abolished. The lower earnings limit has also been removed, so all employees qualify regardless of how little they earn.

The 2026/27 weekly rate is **£123.25, or 80% of the employee's average weekly earnings, whichever is lower**. The 80% formula protects lower earners who previously fell below the earnings threshold and received nothing.

WHEN IT TAKES EFFECT

In force since 6 April 2026

This change is already law. Every sickness absence beginning on or after 6 April 2026 attracts SSP from day one.

WHAT EMPLOYERS NEED TO DO

- ✓ Confirm payroll is paying SSP from day one — errors are now compliance breaches
- ✓ Budget for higher SSP costs, especially with part-time and lower-paid staff
- ✓ Review absence management policies and trigger points — short absences now cost more
- ✓ Tighten return-to-work interview processes to manage short-term absence

FINANCIAL IMPACT

Single-day absences that previously cost you nothing in SSP are now payable. Employers with frequent short-term absence should expect a measurable increase in sick pay costs.

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Day-One Paternity & Parental Leave

WHAT CHANGED

Paternity leave is now a **day-one right** — the previous 26-week qualifying period has been removed. Unpaid parental leave (up to four weeks per year, per child) is also available from the first day of employment instead of after one year's service.

The restriction preventing bereaved partners from taking paternity leave in certain circumstances has also been removed, so a bereaved partner can take leave to care for a child where the mother dies.

WHEN IT TAKES EFFECT

In force since 6 April 2026

Any employee whose child is born or placed for adoption is now eligible from their first day in the job.

WHAT EMPLOYERS NEED TO DO

- ✓ Remove service-length requirements from family leave policies
- ✓ Update onboarding materials so new starters know their entitlements
- ✓ Plan cover arrangements — new hires can now take leave immediately

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Collective Redundancy: Protective Award Doubled

WHAT CHANGED

If an employer fails to properly inform and consult when proposing 20 or more redundancies, a tribunal can award each affected employee a protective award. The maximum has **doubled from 90 days' pay to 180 days' pay per employee** — and it is uncapped by the statutory week's pay limit.

For a business making 20 redundancies at an average salary of £30,000, the maximum exposure has risen from roughly £145,000 to around £290,000.

WHEN IT TAKES EFFECT

In force since 6 April 2026

WHAT EMPLOYERS NEED TO DO

- ✓ Never begin a collective redundancy process without checking consultation obligations
- ✓ Start consultation at least 30 days before the first dismissal (45 days for 100+)
- ✓ File the HR1 form with the Insolvency Service on time — failure is a criminal offence
- ✓ Take advice before announcing restructures — process errors now cost twice as much

WARNING

The doubled award makes consultation failures one of the most expensive process mistakes in UK employment law. Get the process right before you communicate anything to staff.

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Whistleblowing & Sexual Harassment Disclosures

WHAT CHANGED

Sexual harassment is now a **"qualifying disclosure" under whistleblowing law**. A worker who reports that sexual harassment has occurred, is occurring, or is likely to occur is legally protected from dismissal and detriment — even if the report concerns harassment of someone else.

Whistleblowing claims have no qualifying service period and no cap on compensation, so mishandling a harassment report now carries substantially higher legal risk.

WHEN IT TAKES EFFECT

In force since 6 April 2026

WHAT EMPLOYERS NEED TO DO

- ✓ Update whistleblowing and grievance policies to reflect the new protection
- ✓ Train managers: a harassment complaint may now also be a protected disclosure
- ✓ Never treat a complainant less favourably for raising a harassment concern
- ✓ Document the handling of every harassment report thoroughly

6 The Fair Work Agency

WHAT CHANGED

The **Fair Work Agency** was established on 7 April 2026 as the UK's single labour market enforcement body. It brings together the enforcement of minimum wage, statutory sick pay, employment agency standards, and licensing of gangmasters under one roof — with powers to inspect, demand documents, and take enforcement action.

For the first time, the state (rather than just the individual worker) can enforce a broad range of employment rights against non-compliant businesses.

WHEN IT TAKES EFFECT

Established 7 April 2026

WHAT EMPLOYERS NEED TO DO

- ✓ Audit minimum wage compliance — including deductions, uniforms, and unpaid time
- ✓ Ensure SSP and holiday pay calculations are correct and documented
- ✓ Keep records in good order — the Agency can demand documentation

KEY TAKEAWAY

Enforcement no longer depends on an employee bringing a claim. A proactive regulator can now come to you — compliance gaps that went unnoticed before may not stay that way.

7 Other April 2026 Changes

HOLIDAY PAY RECORDS

In force since 6 April 2026

Employers must keep records demonstrating compliance with annual leave and holiday pay entitlements, and retain them for **at least six years**. Failure to keep adequate records is an offence.

MENOPAUSE & GENDER PAY GAP ACTION PLANS (VOLUNTARY)

Voluntary from 6 April 2026

Employers of any size can now voluntarily publish action plans on supporting employees through the menopause and on closing their gender pay gap. These become **mandatory for employers with 250 or more staff during 2027** — early adoption is a low-cost way to get ahead.

SIMPLIFIED TRADE UNION RECOGNITION

In force since 6 April 2026

The statutory process for trade unions to gain recognition has been simplified, making it easier for unions to secure bargaining rights in workplaces of 21 or more workers. From October 2026, employers will also have a duty to inform workers of their right to join a union.

PENSIONS: NO CHANGE

Auto-enrolment thresholds are frozen for 2026/27 — the earnings trigger stays at £10,000 and the qualifying band at £6,240–£50,270. No payroll changes are needed on the pensions front this year.

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April 2026 Rates: Minimum Wage & Statutory Pay

NATIONAL MINIMUM WAGE

In force since 1 April 2026

The National Living Wage rose 4.1% to £12.71 for workers aged 21 and over. Youth rates rose faster, continuing the move towards a single adult rate.

Age Group	2025/26 Rate	From 1 April 2026
21 and over (NLW)	£12.21	£12.71
18 to 20	£10.00	£10.85
Under 18	£7.55	£8.00
Apprentice	£7.55	£8.00

STATUTORY FAMILY & SICK PAY

In force since April 2026

Statutory maternity, paternity, adoption, shared parental, parental bereavement, and neonatal care pay all rose to **£194.32 per week** (or 90% of average weekly earnings if lower). SSP is **£123.25 per week** or 80% of average weekly earnings, whichever is lower — payable from day one.

WHAT EMPLOYERS NEED TO DO

- ✓ Confirm payroll applied the new rates from April 2026
- ✓ Review salary bands sitting close to the new minimums — including salaried staff whose hourly equivalent may now fall short
- ✓ Check that salary-sacrifice schemes don't take pay below the minimum wage

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Tribunal Awards & Compensation Limits

WHAT CHANGED

The annual uprating of tribunal awards and statutory payments took effect on 6 April 2026 under the Employment Rights (Increase of Limits) Order 2026.

Limit	2025/26	From 6 April 2026
Maximum week's pay (redundancy & basic award)	£719	£751
Maximum unfair dismissal compensatory award	£118,223	£123,543
Minimum basic award (certain automatic unfair dismissals)	£8,763	£9,157
Maximum statutory redundancy payment	£21,570	£22,530

IMPORTANT

The compensatory award cap is being **removed entirely from 1 January 2027**. From that date, unfair dismissal compensation will be assessed purely on the employee's actual financial loss — with no statutory ceiling. See Section 11.

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Coming October 2026: Harassment, Tipping & Time Limits

THIRD-PARTY HARASSMENT LIABILITY

October 2026

Employers will become **liable for harassment of their staff by third parties** — customers, clients, patients, suppliers — unless they can show they took all reasonable steps to prevent it. At the same time, the existing duty to prevent sexual harassment is being raised from "reasonable steps" to "**all reasonable steps**", a significantly higher bar.

TRIBUNAL TIME LIMITS DOUBLED

October 2026

The time limit for bringing most employment tribunal claims extends from **three months to six months**. Employers will face claims about events further in the past — and issues you thought had gone quiet may resurface.

TIPPING RULES TIGHTENED

October 2026

Employers who receive tips must **consult workers or their representatives before creating or amending a tipping policy**, and review the policy at least every three years. This builds on the 2024 fair-tips regime.

WHAT EMPLOYERS NEED TO DO

- ✓ Run a harassment risk assessment covering customer and client-facing roles
- ✓ Refresh anti-harassment training and signage; document every preventative step
- ✓ Extend document retention — evidence must survive a six-month claim window plus proceedings
- ✓ Hospitality and service businesses: diarise tipping policy consultation before October

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Coming January 2027: Unfair Dismissal & Fire and Rehire

UNFAIR DISMISSAL AFTER SIX MONTHS

1 January 2027

The qualifying period for unfair dismissal claims falls from **two years to six months**. The original day-one proposal was amended during the Act's passage — but six months is still a dramatic shift. Every employee past their sixth month will have full protection.

At the same time, the **cap on the compensatory award is removed entirely**. Compensation will reflect actual financial loss with no statutory ceiling, applying the usual principles of causation and mitigation.

FIRE AND REHIRE BECOMES AUTOMATICALLY UNFAIR

1 January 2027

Dismissing employees for refusing changes to their terms and conditions (dismissal and re-engagement, or "fire and rehire") becomes **automatically unfair**, except in very limited circumstances where the business faces genuine financial difficulties threatening its viability as a going concern.

WHAT EMPLOYERS NEED TO DO

- ✓ Build structured probation processes with clear objectives and review points
- ✓ Train line managers on fair dismissal procedure from the first day of employment
- ✓ Document performance conversations from the outset — six months passes quickly
- ✓ Plan any contractual change programmes for genuine consultation, not ultimatums

FINANCIAL RISK

Uncapped compensation plus a six-month qualifying period is a step change in dismissal risk. Weak dismissal processes that were survivable under the old regime may become very expensive from January 2027.

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Looking Ahead: Further 2027 Changes

ZERO-HOURS & LOW-HOURS CONTRACTS

Workers on zero-hours and low-hours contracts will gain the right to a **guaranteed-hours contract** reflecting the hours they actually work over a reference period, plus rights to reasonable notice of shifts and compensation for shifts cancelled or curtailed at short notice.

ALSO EXPECTED DURING 2027

- **Statutory bereavement leave** — a new unpaid leave right for employees who lose a loved one
- **Mandatory menopause and gender pay gap action plans** for employers with 250 or more staff
- **Stronger pregnancy and maternity dismissal protections**
- **NDA restrictions** — confidentiality clauses that seek to silence harassment or discrimination allegations will be void
- **Flexible working** — tighter standards for refusing requests
- **Collective redundancy thresholds** counted across the whole business, not per site

WHAT EMPLOYERS NEED TO DO

- ✓ Audit your use of zero-hours and casual contracts now — consider offering guaranteed hours early
- ✓ Review NDAs and settlement agreement templates with legal support
- ✓ Watch for commencement regulations — exact 2027 dates will be confirmed in stages

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Employer Action Checklist

Use this checklist to track your preparation. Prioritise the changes already in force, then the October 2026 and January 2027 waves.

Action	Priority	Target Date
Verify payroll pays SSP from day one at 2026/27 rates	High	Immediately
Remove service requirements from paternity/parental leave policies	High	Immediately
Confirm April 2026 minimum wage and statutory pay rates applied	High	Immediately
Set up six-year holiday pay record keeping	High	Immediately
Update whistleblowing policy for harassment disclosures	High	Immediately
Harassment risk assessment incl. third parties	High	Before October 2026
Anti-harassment training for all staff and managers	High	Before October 2026
Consult workers on tipping policy (hospitality/service)	Medium	Before October 2026
Implement structured probation and review processes	High	Before January 2027
Train managers on fair dismissal from day one	High	Before January 2027
Review contract-change and consultation procedures	Medium	Before January 2027
Audit zero-hours and casual contracts	Medium	During 2026
Review NDA and settlement agreement templates	Low	Before 2027
Book an 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 Act 2025 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.

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