


Employment Rights Act 2025: What SME Leaders Need to Know Now

LOCH



**EMPLOYMENT
LAW**

Introduction



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What we'll cover

- The Employment Rights Act 2025: key changes
- What potential impact will this have on you?
- How can you prepare now?
- Q&A

Zoom Poll

Question

What is the approximate size of your workforce?

- 2–9 employees
- 10–49 employees
- 50–249 employees
- 250–999 employees
- 1,000+ employees



Zoom Poll

Question

How confident do you feel about what your business needs to do now that the Employment Rights Act is law?

- Very
- Somewhat
- Not at all





Unfair Dismissal

- **Now:** 2 years' continuous service
- **New:** Reduced qualifying period to 6 months

Action:

- Review your recruitment and onboarding procedures
- Review contracts - probation period?
- Monitor probation periods and check - ins
- Review performance management, capability & formal procedures
- Train managers
- Address issues in timely manner

When? For dismissals from January 2027



Statutory Sick Pay Reforms

- **Now:** SSP = Payable day 4
PLUS Lower Earnings Limit = £125 pw
- **New:** Day 1 Right - Removal of 3 day 'waiting period'
PLUS removal of lower earnings limit = ALL eligible
- SSP = 80% weekly average earnings if lower than SSP rate (£123.25 pw from 6 April 2026)

Action:

- Review & update policies and contracts
- Check payroll systems & calculations
- Strengthen absence management processes/reporting
- Impact statement
- Review budgets
- Reduce sickness leave levels

When? 6 April 2026



Fair Work Agency

Investigate breaches & take action!

Remit:

- Onsite powers to inspect records
- Enforce failed statutory payments & penalties!
- Bring proceedings
- Provide legal advice
- Cost recovery for enforcement against the company

Action:

- Site visit ready!
- Document payments and calculations/ retain records



Zero Hour Contracts – Guaranteed Hours

- **Now:** Not allowed to prevent working elsewhere
- **New:** Duty on employers to offer "qualifying workers":
 - A guaranteed hours contract at end of "reference period"
 - "Reasonable" notice of shift & cancellation PLUS Compensation

Action:

- Review workforce
- ID those engaged on this type & monitor hours
- Check correct contract

When: 2027 (a LOT more detail needed)

Collective Redundancy Consultation

Now:

- 20+ redundancies "at one establishment" in 90 days
- Protective Award up to 90 days' pay

New:

- Organisation - wide Threshold Test - TBC
- Protective Award Increase = 180 days' gross pay!
(6 April 2026)

Steps:

- Track number of redundancies across all sites

When?

- 2027



End of "Fire & Re - hire"?

Now: Fire & Rehire plus Statutory Code of Practice

New: Automatically unfair to dismiss :-

- Employee - not agree to "restricted variation"
- Re-hire new employee (non - employee) carry out role/varied terms

Exception = severe financial distress!

Action :

- Consider & implement changes NOW
- Review and insert variation clauses

When? Pushed back to 2027

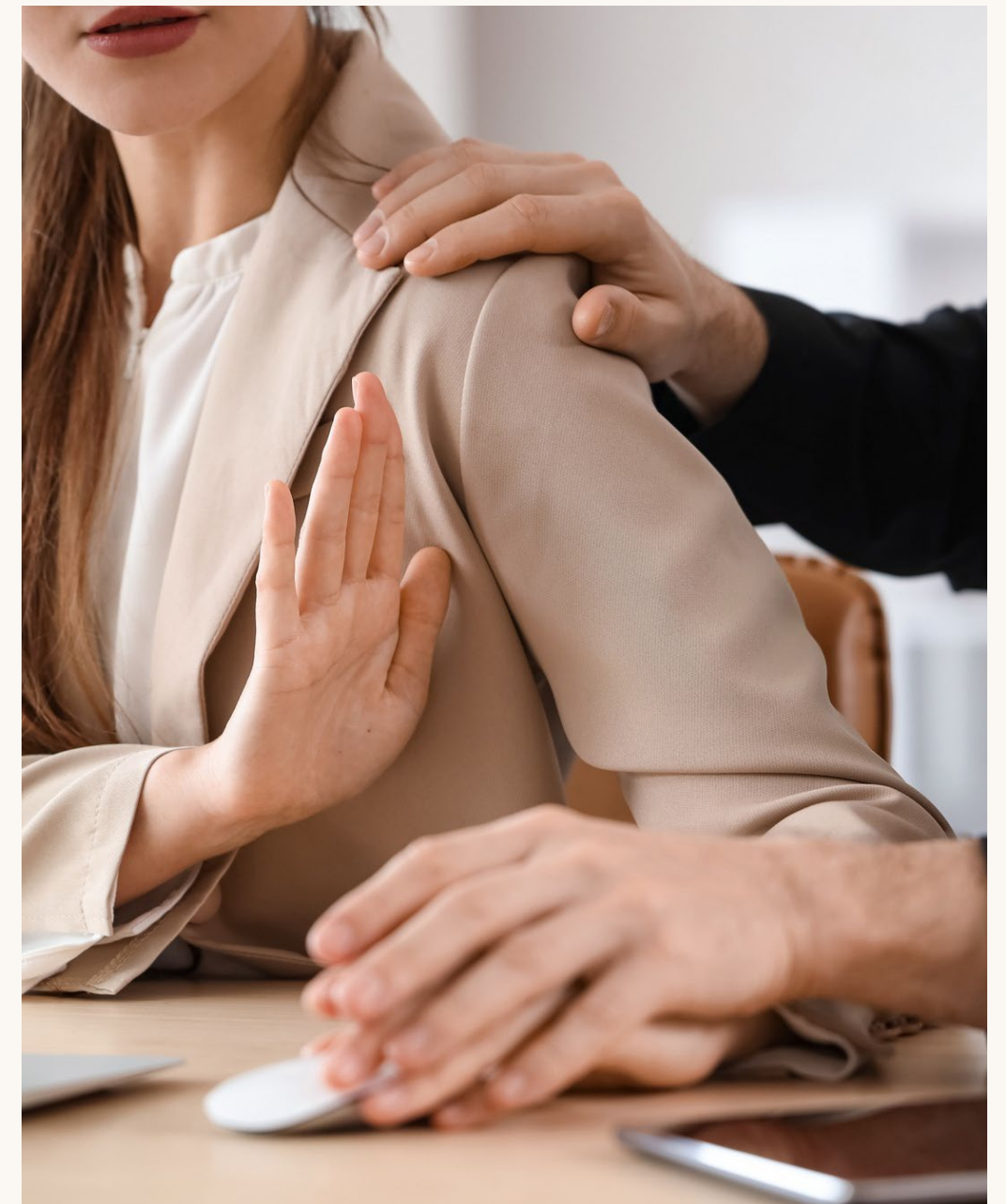
Consultation: Benefits & shift patterns

Zoom Poll

Question

The law on sexual harassment in the workplace changed in October 2024, but are you aware that there are further changes coming into force this year?

- Yes
- No





Sexual Harassment

- Liability for all types of harassment committed by workers in employment
- No longer enough to deal after the event
- Now focus is on prevention
 - 26 October 2024
 - Duty to take "reasonable steps" to prevent sexual harassment in the workplace
- What's further changing
 - October 2026
 - Take "all reasonable steps" to prevent sexual harassment in the workplace
 - Third Party liability: Customers, Contractors and suppliers
- Preventative = Take steps before the horse has bolted



How to take "all reasonable steps"

- 7 step prevention plan
 - Risk assessment
 - Policy review
 - Training
 - Staff insights
 - Contract review
 - Reporting mechanism
 - Monitoring
- Failure to prevent
 - enforcement action/investigation
 - ££ uplift of 25% to compensation



Family Friendly Changes

- **Paternity and Parental Leave**
 - **Now:** Both parental and paternity leave require qualifying service
 - **Next:** Day one rights on 6 April 2026
- **Bereavement Leave**
 - **Now:** No general statutory right to bereavement leave
 - **Next:** Act gives Government power to introduce day one right
- **Bereaved Partner's Paternity Leave**
 - **Now:** No statutory right for bereaved partners
 - **Next:** Day one right from 6 April 2026 to take up to 52 weeks' unpaid leave



Family Friendly Changes

- **Flexible Working**
 - **Now:** Eight grounds for refusal of request
 - **Next:** Employer must give 'reasonable' reasons for refusal
- **Return from Maternity Leave**
 - **Now:** Right to be offered suitable alternative employment if available in a redundancy situation
 - **Next:** Power to introduce regulations to cover other situations



Trade Unions

- **Written notice of right to union a trade union**
 - October 2026
 - How to do this – TBC!
- **Increased Trade Union involvement**
 - October 2026
 - Right of access
- **Protection for Trade Union reps and members**
 - October 2026
 - Cannot be subjected to a detriment for taking part in industrial action
 - Right to facilities



Holiday and wellbeing records and plans

- **Holiday pay records**
 - **Now:** no duty to keep records
 - **Next:** duty to keep records of leave and pay rate for 6 years
- **Menopause Action Plan**
 - **Now:** no requirement to take any specific steps relating to menopause
 - **Next:** duty to have a menopause action plan if 250+ employees

Removal of unfair dismissal cap

- **Now:** Currently capped at 52 weeks' pay or £118,223
- **Next:** Uncapped compensation
- **When:** January 2027
- **Considerations:**
 - Higher awards?
 - Settlement discussions
 - High earners
 - Options



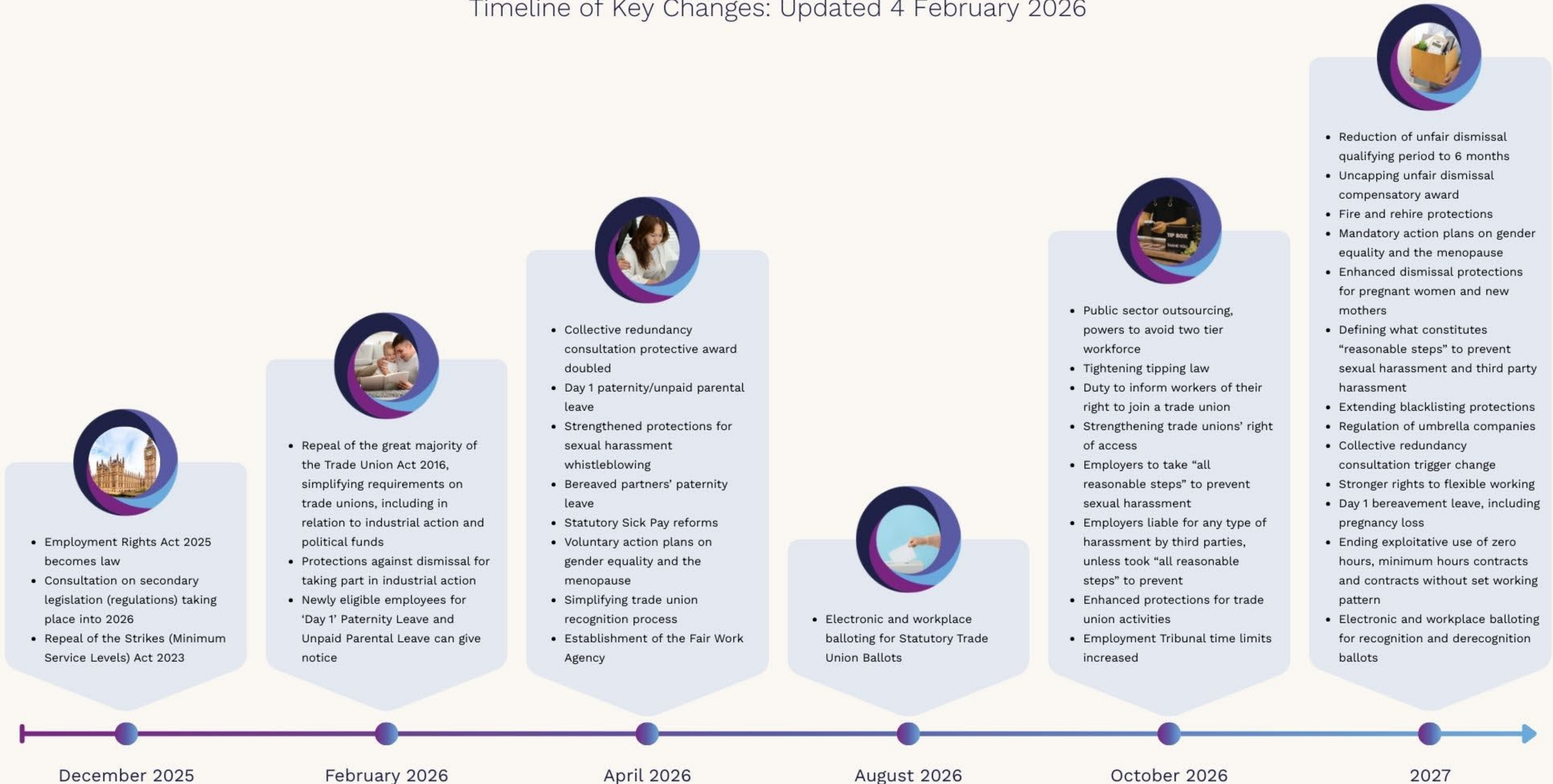
Extension of time limits

- **Now:** Currently 3 months from the act complained of. For example:
 - The date of dismissal
 - The discriminatory act
 - The detriment
- **Next:** This will change to 6 months from the act complained of
- **Implications and advice**
 - Risk assess
 - Record keeping will be critical
 - Review data retention policies
 - Prepare for potentially more litigation

Conclusion

Employment Rights Act 2025

Timeline of Key Changes: Updated 4 February 2026



Action plan - steps to take now



Contracts



Training



Documents



ET Insurance

Loch Support



ERA Package

Audit your business to determine what steps need to be taken to be Employment Rights Act Ready.



Prevention of Sexual Harassment Support Package

Strengthen your organisation's culture and compliance.



Redundancy Support Package

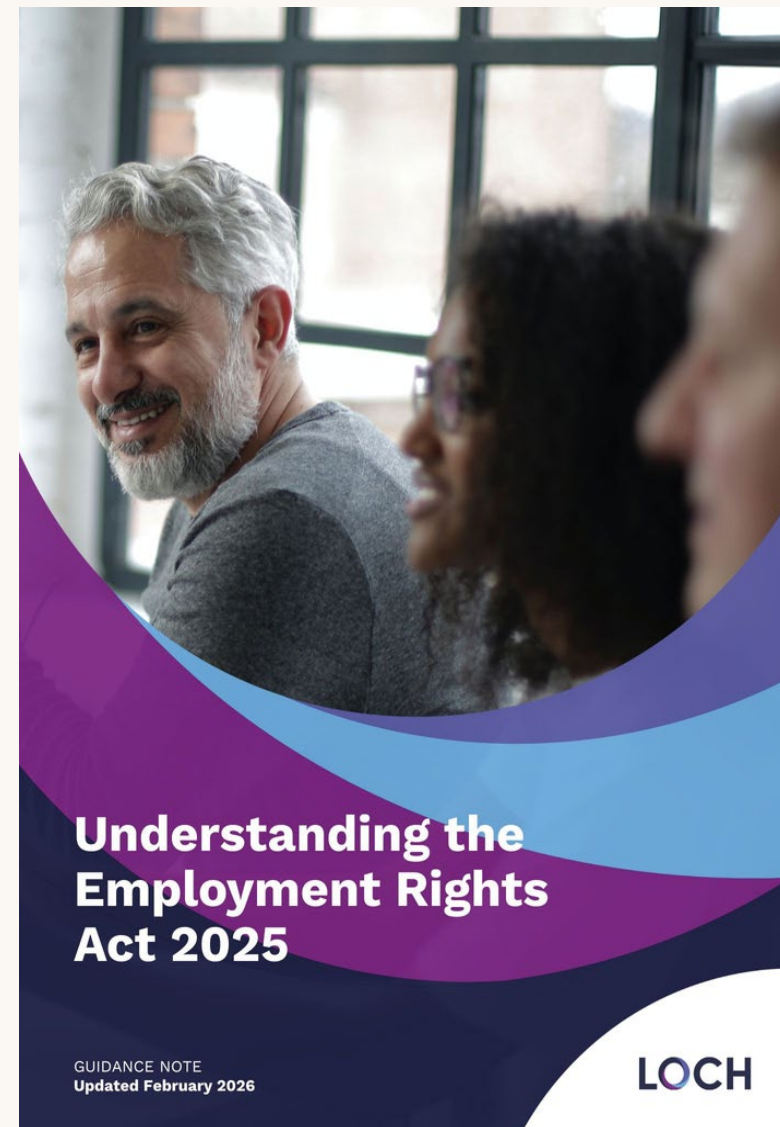
Assess your business case, explore alternatives and ensure full compliance.



ET Insurance

Covers legal costs from the moment an employee initiates the ACAS Early Conciliation process, mediation and settlement awards.

Final Thoughts



For Further Resources:

Scan QR Code

Or visit: <https://weareloch.com/welcome> - to - loch/

Burning Questions?

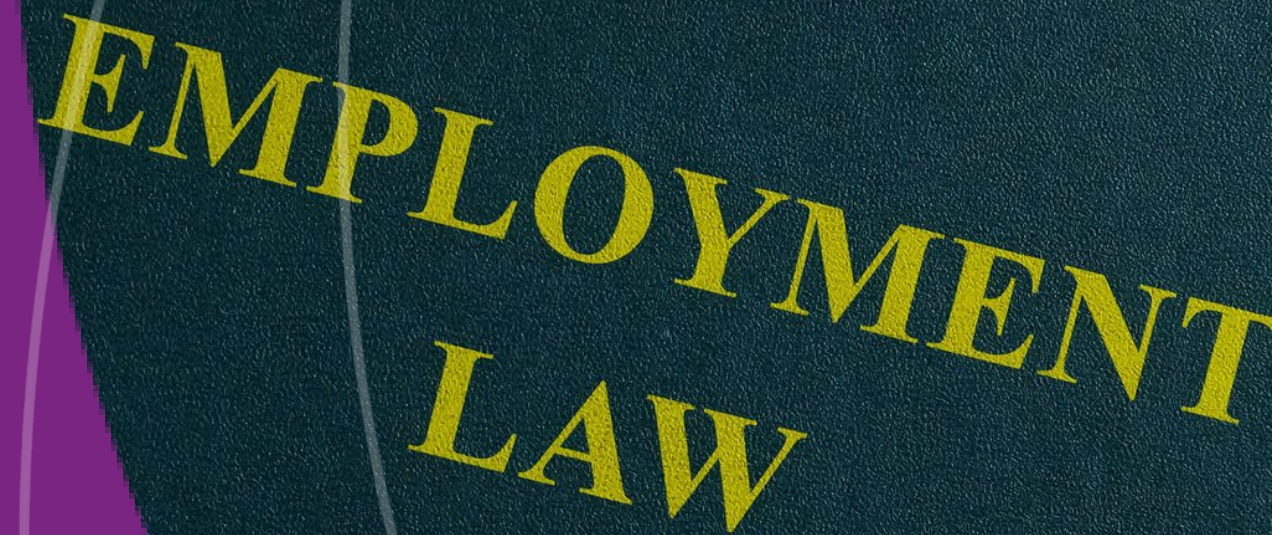
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Thank You

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A close-up photograph of a hand holding a dark green folder. The folder has the words "EMPLOYMENT LAW" printed on it in a bold, gold, sans-serif font. The background is dark and out of focus.

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