

Employment Rights Bill: the lowdown

Rhiannon Davies outlines the implications of the ERB and explains what organisations need to do to comply with it

The Employment Rights Bill (ERB), announced in October 2024, represents a significant shift in UK employment law, designed to address various issues related to workers' rights, job security, and fair treatment. Currently at the committee stage, it is reported that it will be effective from Autumn 2026.

The ERB was part of the Labour government's promise to update the framework governing employment relationships in light of a changing work environment, where gig work, flexible contracts and remote employment are more common.

As such, UK employers will need to adapt their practices and policies to comply with the new regulations. This article will explore the key provisions of the bill and assess its likely impact on employers.

Key provisions of the bill

1. **Strengthening workers' rights:** The ERB introduces a right to a guaranteed hours contract that reflects the hours eligible workers regularly work over a reference period and will also be entitled to reasonable notice ahead of any changes made to their working hours and compensation if their shift is cancelled or ended early.

While the employer will be required to offer the guaranteed contract after the reference period, the worker will not be required to accept it.

2. **Flexible working rights:** The ERB effectively makes flexible working the default option, with employees having the right to request flexible work from day one of employment. Employers will be required to provide reasonable justifications if they reject such requests, potentially increasing the administrative burden on businesses and encouraging more transparency. This shift reflects the changing expectations of employees post-pandemic, who now often seek a better work-life balance.

3. **Extended redundancy protection for pregnant workers and new parents:** Pregnant employees and new parents will have increased protection from redundancy. The ERB extends the redundancy protection period, making it unlawful to dismiss an employee on grounds of redundancy for up to six months after returning from maternity or paternity leave.

4. **Unfair dismissal:** This will become a day-one right, subject to a new statutory probationary period, and the two-year qualifying period in section 108 of the Employment Rights Act 1996 will be repealed.

5. **Sexual Harassment:** A new protection from third-party harassment, which employers must take reasonable steps to prevent. In practice this will mean employers will have to anticipate where such harassment may occur and put in place action plans to protect their workforce, including reporting channels and specific complaints procedures and risk assessments.

6. **Greater transparency in employment contracts:** Employers will be required to provide all workers with more detailed and comprehensive employment contracts from the outset of their employment. This includes clearer definitions of their status, rights, and terms of employment. Employers will need to audit their current contracts and policies to ensure they meet the new legal standards.

Impact on UK employers

1. **Cost implications:** The ERB is likely to increase costs for many businesses, particularly those that depend on flexible labour or operate in industries with high levels of casual employment. Enhanced rights to sick pay, holiday pay and the potential for increased compensation claims will add to the financial burden of employers.

2. **Changes to workforce planning:** Employers will need to review their workforce strategies. The bill will likely impact sectors with high levels of casual or gig work and with the increased protections for workers may make flexible contracts less attractive.

3. **Increased legal risk and administrative burden:** With stricter rules around redundancy, worker status, and employment contracts, the risk of legal challenges could increase. Employers may face more employment tribunal claims if they do not adhere to the new standards. Additionally, the administrative burden will rise, as HR departments must handle increased documentation requirements and employee requests for flexible working, while also ensuring that all contracts meet the enhanced requirements under the bill.

4. Cultural shifts in the workplace: The new rights associated with flexible working and greater job security may lead to shifts in workplace culture. Employers who adapt effectively may find themselves better positioned to attract and retain talent, particularly as more employees prioritise work-life balance and job security. Those who resist the changes may struggle to maintain employee morale and risk damaging their reputation as an employer.

Preparing for the changes

UK employers will need to take proactive steps to comply with the ERB once it is enacted, currently looking over the next two years. Key actions include:

- **Reviewing contracts:** Employers should audit all employment contracts to ensure they meet the new legal requirements.
- **Updating policies:** Flexible working policies, redundancy procedures and parental leave policies will need to be updated to align with the new legislation.
- **Employee relations training:** HR teams and managers will need training on the new rights and protections to prevent legal challenges and ensure fair treatment.

Conclusion

The ERB will bring about far-reaching changes in UK employment law, significantly impacting employers across a range of sectors. The bill seeks to enhance fairness and job security for workers, and the view is that a lot of employers will already have in place policies and systems to protect their employees, but with this legislation it marks a new era in UK labour relations, confirming the change in dynamics between employers and employees now and in the future.

- Rhiannon Davies is a Senior Employment Solicitor at Sumer Law. Email rhiannon.davies@sumer.co.uk