

# Employment Rights Act: What co-operatives need to know

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This practical guide breaks down the Employment Rights Act 2025, highlighting what's changing, when, and what it means for your co-operative or community business. Explore key updates and take simple steps now to stay compliant and confident.

## RESOURCE

# THE EMPLOYMENT RIGHTS ACT 2025

What employers need to know now.

**CO-OPERATIVES UK**

### Introduction

The Employment Rights Act 2025 brings significant employment law changes throughout 2026 and extending into 2027. This guide sets out the key changes and the expected timescales. Please note that the government is still consulting on the scope and details of some of the changes, particularly those expected to take effect in 2027. Further updates and/or resource will be produced for our members as and when these are finalised.

Co-operatives UK members can also access further advice and support around the changes, including ramifications for their co-operative and how to implement any new policies and/or procedures, by emailing: [advice@uk.coop](mailto:advice@uk.coop).

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## What employers should do now

### Actions to take

1. Review and update your policies and procedures to ensure they comply with the upcoming changes, particularly those due to come into effect in April 2026. You will need to consider:
  - o Your family friendly rights policies
  - o Your sickness absence policy and procedures. If you do not have a robust absence management approach in place, you should consider implementing one now
  - o Your bereavement/compassionate leave policy
  - o Your whistleblowing policy
2. Review your use of zero hours and low hours contracts and consider what steps you may need to put in place before the changes come into effect
3. Sign up for our [Employment Law Update webinar on Wednesday 6 May](#). This one-hour session from our HR and employment law experts will bring you up to date with the current employment law landscape, including all recent and upcoming changes.

This webinar is free for members and individual supporters of Co-operatives UK.

**Webinar: Employment Law Update**

[Sign up here >>](#)

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## Key changes from April 2026



### Unpaid parental leave becomes a day-one right

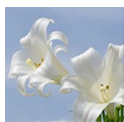
The minimum service requirements for Statutory Paternity Leave and unpaid Paternal Leave will be removed, meaning that employees will be entitled to this leave from the first day of employment.

### Extensions to statutory sick pay



SSP will become payable from the first day of absence, removing the existing three-day waiting period. The lower earnings limit will also be removed, extending SSP to lower paid employees.

### Bereaved Partners' Paternity Leave



Bereaved fathers and partners will be entitled to take up to 52 weeks of unpaid paternity leave if the child's mother or main adopter dies within the first year of the child's life.

#### Other changes that are due to take effect from April 2026 are:

- The Fair Work Agency will be established – this new body will take on responsibility for enforcing workers' rights such as payment of the National Minimum Wage, protections for agency workers, gangmaster licencing and holiday pay. Whilst the agency does not create new obligations for employers, there may be changes to inspections and enforcement activity.
- Employers will be under a duty to keep records of annual leave and pay. Records should include details of the amount of leave taken, how much holiday pay was paid and how it was calculated, and any payments made in lieu of untaken holiday. Employers should keep these records for 6 years.
- The maximum period of the protective award for collective redundancies (the payment employers must make to redundant employees for failing to meet collective consultation requirements) involving 20 or more employees, will double from 90 to 180 days' gross pay per affected employee.
- Employees who 'blow the whistle' on sexual harassment will receive protections from unfair dismissal and other detriments. Whistleblowers will no longer need to show that their disclosure falls into one of the existing categories for protected disclosures, such as a risk to health and safety.
- Employers with 250 or more employees will be encouraged to develop and publish action plans on steps they will take to reduce their gender pay gap and support employees through the menopause. Note that whilst voluntary at this stage, these will become mandatory in 2027.
- Trade union recognition arrangements will be simplified, although the detail supporting this in the form of an updated Code of Practice is not expected until October 2026.
- In August 2026 there will be changes to trade union ballot arrangements, allowing trade unions members to vote electronically for things like industrial action and union elections, if both the union and employer agree to this. The requirement for a 50% turnout for industrial action ballots will come into effect after the changes to balloting arrangements comes into effect. This was originally expected to take place in April but has been postponed.

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## Key changes from October 2026



### Trade union rights

Employers will be obliged to inform employees of their right to join a trade union. There will also be new protections for trade unions and those wishing to take industrial action, including extending protections against detriments for taking industrial action and increased rights of access to workplaces.



### Harassment

The proactive duty on employers to take reasonable steps to prevent workplace sexual harassment will be extended to include *all* reasonable steps. A definition of "reasonable steps" is due to follow in 2027. Employers will also be expected to protect workers from all types of harassment from third parties (such as customers, clients, or members).



### Employment tribunal time limits

The time limit for making a complaint to an employment tribunal will increase to six months for all types of claim. The current time limit for making most types of claim is three months.

#### Other changes that are expected to take effect from October 2026 are:

- Employers in the service industry will be obliged to consult with employees or their representatives before creating a tipping policy. Tipping policies must be updated every three years.
- There will be a new negotiating body for adult social care, which will negotiate minimum pay, terms, and conditions across the adult social care sector.
- The two-tier code for public sector outsourcing will be reinstated and strengthened. This means that private sector employees working on outsourced public sector contracts cannot have worse terms and conditions than public sector employees who were transferred to work on the same contract.
- In December 2026 a new mandatory charter for seafarers will be introduced, which will provide for higher standards around health and safety, pay, job security and rest breaks.

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## Key changes expected in 2027



### Unfair dismissal

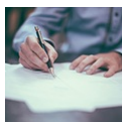
The two-year service requirement for bringing claims of unfair dismissal will reduce to six months from 1 January 2027. The compensation limits for a successful unfair dismissal claim will be removed.

### Restrictions on 'Fire and rehire'



Dismissing someone and then reengaging them on less favourable terms and conditions will become an automatically unfair dismissal in most cases. The change was originally expected to come into effect in October 2026.

### Zero hour contracts



Workers employed on zero or low hour contracts will be entitled to be offered a guaranteed hours contract reflecting their usual working hours. They will also be entitled to notice or compensation for shift changes.

#### Other changes that are expected to take effect during 2027 are:

- Statutory (unpaid) Bereavement Leave will be introduced, and Statutory Parental Bereavement Leave will be extended to cover miscarriages before the 24th week of pregnancy.
- Employers with 250 or more employees will be required to produce mandatory gender pay gap and maternity action plans
- Pregnant employees or those on or who have recently returned from maternity leave will have increased protection from dismissal.
- Employers who refuse an employee's request for flexible working because of a genuine business reason will need to expressly state which of the 8 acceptable reasons they are relying upon and explain why they think their refusal is reasonable. This change will not amend the list of acceptable business reasons and employers should continue to follow the Acas Code of Practice on flexible working when considering employees' flexible working requests.
- The rules around collective redundancy processes will change. To specify that they will apply when an employer is making 20 or more employees redundant within a 90-day period across the whole organisation. Currently the rules apply to individual workplaces only, but the Act will introduce an additional trigger which will be based on total redundancies over 90-days across the entire organisation. The government is consulting on where that organisation-wide threshold should sit. Its preferred option is a single fixed number, somewhere between 250 proposed redundancies to 1,000 proposed redundancies regardless of size.

The backup proposal is a tiered approach, whereby the employer would have to collectively consult where there are:

- 250 redundancies within 90-days for organisations with 0-2,499+ employees;
- 500 redundancies within 90-days for organisations with 2,500-9,999 employees; and
- 750 redundancies within 90-days for organisations with 10,000+ employees.

The consultation closes on 21st May 2026, and the new threshold will apply from 2027, subject to parliamentary approval.

- There will be further changes to the laws surrounding trade unions and trade union activity in 2027, including the introduction of electronic voting and a new industrial relations framework.
- The definition of agencies will be extended to include 'umbrella companies', allowing for enforcement by the relevant bodies.

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## Support from Co-operatives UK

We offer our members unique access to the best support from some of the UK's leading advisors on co-operative HR, with a range of support packages designed to suit your needs.

### HR package

We want to help you to be the best employer you can be. Starting from £1,200 + VAT a year, our [HR package](#) lets you contact us for advice and support with all things HR and employment law related, whenever you need it.

With the HR package you get:

- High-quality advice, support and guidance in HR policy, law, reward, and benefits
- A subscription to Brightmine, the most comprehensive online source of HR compliance, best practice, and benchmarking information
- A copy of our template employment handbook
- Access to benchmarking information from other co-operatives
- The chance to meet and engage with other members to share innovations in best practice

### Template employment handbook

We understand that getting to grips with HR can be challenging for new and growing co-operatives. If your co-operative needs to get its HR policies and procedures in place and doesn't subscribe to our HR package, the [template employment handbook](#) is for you. It's an expert tool to help you to be a great employer.

Priced at £499 + VAT, it contains all the key employment policies that we recommend organisations have in place as soon as they start employing people. It's fully amendable and customisable and is ideal for co-operatives that:

- Are newly formed
- Are just starting to employ people
- Don't have a dedicated HR function

### Bespoke consultancy

Sometimes you might need us to complete a standalone piece of work for you. We are always happy to discuss your needs and provide a quote where required. Please contact us at [advice@uk.coop](mailto:advice@uk.coop) to discuss.

<https://www.uk.coop/resources/employment-rights-act-what-co-operatives-need-know>

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