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New UK Employment Rights Bill Marks Landmark Shift in Worker Protections

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On 10 October 2024, the UK Labour government unveiled a landmark Employment Rights Bill aimed at revolutionising worker protections and rights. According to the government, the bill is designed to boost pay and productivity via a 'pro-business, pro-worker' approach.

As workplaces continue to evolve, particularly in the post-pandemic era, the government's aim is that this bill will address what it believes are long-standing issues related to job security, flexibility, and overall workplace fairness. The bill will update the legislative framework in relation to employment rights and trade unions. There will be a lengthy period of consultation on the proposed reforms, so it is likely that most changes will not take effect before 2026.

The bill contains 119 clauses and seven schedules, set out over 158 pages. We've summarised some of the key features below.

Enhanced job security – protection against unfair dismissal

One of the most significant changes proposed in the bill is the removal of the two-year qualifying period for unfair dismissal, so that all employees will have a right to unfair dismissal protection from Day One.

However, it is likely that different rules regarding unfair dismissal will apply during a new statutory probation period for new hires. The indication is that during this period, which is currently proposed to be nine months, there will be a 'lighter touch' approach to dismissing employees if they are not working out. These proposals are light on detail and subject to consultation.

Raising the minimum wage

The bill commits to gradually increasing the minimum wage, tied to inflation or cost of living adjustments. Additionally, the bill strengthens measures to ensure equal pay for equal work, addressing wage disparities across different sectors and demographics, including by removing age bands.

Flexible working

Employees already have the right to ask for adjustments to their working hours or location from the start of their employment without needing a specific reason. Under the bill, any refusal of such a request must be reasonable, and employers will be required to explain why the refusal is reasonable. This shift acknowledges the increasing demand for work-life balance and recognises the diverse needs of today's workforce.

Family leave enhancements

The bill proposes significant enhancements to parental and bereavement leave, introducing Day-One rights to bereavement leave, paternity leave and parental leave. The bill will remove the restriction on paternity leave and pay being taken before shared parental leave, enabling parents to take their paternity leave and pay after their shared parental leave and pay. The bill also extends bereavement leave to enable all employees (not just parents) to take leave from work when bereaved.

In April 2024, protections for parents facing redundancy were extended. The priority for offers of suitable alternative employment now exists for an extended 'protected period' – from when an employee informs their employer that they are pregnant until 18 months after the expected week of childbirth. Employees also are protected:

- During the course of adoption leave and for 18 months from the day the child is placed with the employee for adoption.
- During the course of shared parental leave and, if the employee has taken at least six weeks of continuous shared parental leave, for 18 months following the birth or adoption of the child.

The bill provides a power for further regulations about protection against dismissal during or after a protected period of pregnancy, extending these current provisions relating to redundancy. Amendments also are proposed to allow regulations to be made in respect of dismissals after periods of various statutory family leave (including maternity, adoption and shared parental leave).

Equality at work – stronger protections and reporting mechanisms

The bill includes robust measures to enhance protections against discrimination in the workplace. Under the bill, employers will be liable if a third party (e.g., a client or customer) harassed an employee in the course of their employment and be required to take all reasonable steps to prevent their employees being sexually harassed. By strengthening existing laws against harassment and bias, the government aims to create a more inclusive environment for all workers. Clearer reporting mechanisms have been proposed, with extended protections for whistleblowers, allowing employees to raise wider concerns without fear of retaliation. The bill also will require employers with 250 or more employees to publish an equality action plan alongside specific gender pay gap data.

Zero-hour contracts and fire and rehire

The bill intends to 'end exploitative zero-hour contracts', meaning workers will have the right to a guaranteed hours contract if they work regular hours over a defined period. Fire and rehire practices also will be banned in the majority of circumstances, meaning employers cannot change terms by terminating an employee's employment and rehiring them on less favourable terms.

Redundancy – collective consultation

The bill strengthens protections for employees in collective redundancies by amending current legislation to ensure that obligations to collectively consult apply where 20 or more employees are at risk, regardless of whether the redundancies are taking place at one establishment or not.

Fair pay – sick pay

Currently an individual must earn at least the lower earnings limit (£123 per week) to be eligible for statutory sick pay. The bill proposes to remove the requirement to earn at least this lower earnings limit in order to be eligible for statutory sick pay. The bill also make will statutory sick pay payable from the first day of sickness absence (rather than the fourth day).

Conclusion

The bill marks a significant moment in the UK government's effort to enhance worker protections. By addressing issues such as flexible working, job security, minimum wage, and workplace conditions, the government believes the bill aims to create a fairer and more equitable labour market.

As we await the consultation on, and implementation of, these changes, it's essential for employers to stay informed about the reforms. We will be keeping you updated with developments as they occur.

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