

Government introduces Employment Rights Bill

The Government's Employment Rights Bill was introduced to Parliament today (10 October).

Described as the "biggest shake up of workers' rights in a generation", the Bill will bring forward 28 individual employment reforms, from ending 'exploitative' zero hours contracts and fire and rehire practices to establishing day one rights for paternity, parental and bereavement leave.

“Some said it couldn't be done, the Tories say it shouldn't be done - but working people have waited too long for change.”

- Angela Rayner

Background.

The Bill introduced today is not without contention and the Labour Party have faced criticism for their plans on workers' rights reform.

In 2021, Labour launched a policy document call the 'New Deal for Working People'. The document set out Labour's blueprint for employment law reform. Facing criticism in the media and concerns about the impact of the reforms on their electoral success, this was then diluted in the run up to the 2024 general election.

Throughout Labour's manifesto development process, including the 'Clause V' meeting held with unions to finalise the manifesto, there was pressure from Labour's affiliated trade unions to keep any legislation as close to the original proposals as possible. Ultimately, having spent significant energy on building relationships with businesses, elements of the proposals were removed to keep employers on side.

Behind the scenes and since entering Government, there has been a series of "[roundtables](#)" involving Ministers, unions and business groups. But one participant said that while there had been engagement with a broad range of groups, there had been little genuine consultation. This may reflect the deeply political nature of these reforms - employment rights are strongly held values of the Labour Party.

Setting themselves a 100-day deadline for the introduction of this Bill, the 158-page [legislation](#) published today represents the middle ground the Government has managed to secure between businesses and unions. It upholds headline pledges (around "day one" rights and repealing anti-union legislation), but with a greater emphasis on consultation with business – with the earliest timeframe for the new rights to take effect being autumn 2026.

After a challenging few weeks, the Government will be hoping today's announcement will get them back to the business of Government and help them deliver their election pledges. Here's what you need to know.

The Bill can be [read in full here](#).

The Government press release [can be found here](#).

Contents.

End "exploitative zero-hour contracts"

- Employees on zero-hours contracts will be granted the right to a guaranteed hours contract if they work regular hours over a defined period. People will be allowed to remain on zero hours contracts where they prefer to.

- Labour's pre-election pledge was that these workers should be offered a contract after 12 weeks of regular hours for one company, but this number will be reviewed in the consultation period.

Repeal of "anti-union legislation"

- The Bill repeals the "anti-union legislation" put in place by the previous Conservative administration, including the Minimum Service Levels (Strikes) Act legislation.
- New rights to online balloting are also expected to be introduced but no new legislation is required to do this.

"Day one" rights

- The existing two-year qualifying period for protections from unfair dismissal will be removed, meaning employees can claim unfair dismissal from day one of their employment.
- There will also be day-one rights for paternity leave and unpaid parental leave. Maternity leave is already a day-one right.
- A new right to bereavement leave will be established, with the entitlement "sculpted with the needs of employees and the concerns of employers at the forefront".
- There will be a universal entitlement to sick pay from the first day of illness for employees. Workers will get rights to sick pay from the first day of their sickness, rather than the fourth day. This issue first gained significant attention in the pandemic, when some workers felt unable to self isolate due to a lack of sick pay.

Fire and rehire

- Fire and rehire practices will be banned in all but the most extreme circumstances, meaning employers cannot sack employees and rehire them on worse terms and conditions.

Maternity leave

- Protections against dismissal will be strengthened for pregnant women and those returning from maternity leave. This includes protection from dismissal whilst pregnant, on maternity leave and within six months of returning to work.
- Large employers will also be required to create action plans on addressing gender pay gaps and supporting employees through the menopause.

Further measures

- The cost of living will be accounted for when setting the Minimum Wage and 'discriminatory' age bands for the minimum wage will be removed to bring the rate for 18-20-year-olds in line with those for over 21.
- Change the law to make flexible working the default for all, unless the employer can show it's not feasible.
- The Fair Work Agency will be created as part of this legislation. Officers will have inspection powers and will be able to enforce new penalties for those who breach employee rights – such as holiday pay and a minimum wage. Whistleblowers will be encouraged to report bad behaviour to the new body.

Next steps.

The Second Reading, which provides the first chance for Parliamentary scrutiny, has been scheduled for Monday 21st October. The Bill will then progress through committee stage and the House of Lords, and is not expected to pass until June or July next year.

Alongside the announcement today, the Government also published a '[Next Steps' document](#) that outlines the reforms it will look to implement in the future. Subject to consultations, these will include:

- An advisory Right to Switch Off except in exceptional circumstances.
- A strong commitment to end pay discrimination through the draft Equality (Race and Disparity) Bill which will include measures to make it mandatory for large employers to report their ethnicity and disability pay gap.
- A move towards a single status of worker and transition towards a simpler two-part framework for employment status. Under a single status policy, all workers, regardless of their employee status, would be granted a core set of employment protections and rights. It has the aim of eliminating the current distinctions and complexities that can leave gig economy workers and others in non-traditional employment without adequate protection.

- Reviews into the parental leave and carers leave systems to ensure they are delivering for employers, workers, and their loved ones.

Reaction.

From industry

The reforms have largely had a positive reception from business groups, whose members will be pleased to see the Government promise to consult with industry on the detail of the reforms. The extensive timeline for the introduction of the measures led one business group to tell the BBC:

“There will still be a fight, but the fight has been postponed”

Chief Executive of the Confederation of British Industry (CBI), Rain Newton-Smith [said](#): *“Politicians and businesses have a shared goal in wanting to raise living standards through higher levels of growth underpinned by investment and increased productivity.”*

Chief Executive of the Chartered Management Institute (CMI), Ann Francke, [said](#): *“For many modern, forward-thinking employers the changes proposed in the Employment Rights Bill won’t create much of a challenge, as the Government is in many cases just formalising practices that smart employers already follow”*

However, strong criticism continues to be raised by the Federation of Small Businesses, which described the legislation as a *“rushed job, clumsy, chaotic and poorly planned - dropping 28 new measures on to small business employers all at once leaves them scrambling to make sense of it all. Beyond warm words, it lacks any real pro-growth element and will increase economic inactivity.”* This was the [cover story on the Daily Mail this morning](#).

From Unions

The bill [landed](#) well with unions, with widespread praise from across the left of the political spectrum. The relatively moderate Unison said the package would *“transform workers’ lives,”* while the more left-wing Fire Brigades Union called it a *“huge victory.”* Also on the left, Unite [welcomed](#) it as a *“step forward for workers”* but said it *“stops short of making work pay”*, flagging issues such as not completely banning zero hours contracts and ‘fire and rehire’.