



## Employment Rights Act 2025: What's in store for 2026?

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## What will we talk about?

- IR update – recent and upcoming changes
- What has changed between the Bill and the Act?
- When are these changes happening?
- What should you be doing to prepare?
- Any questions?



# Changes to sponsorship for care providers from 1 October

- Graduate visa reform: reduced from two years to 18 months for most, with PhD graduates retaining three years (applies to applications from 1 January 2027).
- English language requirements: Raised to level B2 for Skilled Worker visas (from 8 January 2026).
- Immigration Skills Charge increase: A separate process will increase the charge by 32% to reduce reliance on overseas recruitment.
  - Small employers: £364 to £480
  - Medium and Large employers: £1,000 to £1,320

# Changes to sponsorship for care providers from 22 July 2025

- New entrants to Care Worker and Senior Carer Worker roles (under SOC codes 6135 and 6136) will no longer be eligible for sponsorship.
- During the transition period between 22 July 2025 and 22 July 2028, you can still sponsor under SOC codes 6135 and 6136 if:
  - The worker was sponsored as a care worker or senior care worker prior to 22 July 2025. They can still:
    - Move to a new sponsor
    - Renew their visa
  - The worker is switching from another visa routes, such as a student or graduate visa. If switching visa routes, the worker must have been legally employed by you for at least 3 months before you can assign certificate of sponsorship to them.
- From 22 July 2028, the government intends to remove SOC Codes 6135 and 6136 from the Immigration Salary List, meaning the relaxed requirements for sponsorship under these routes (notably the reduction in the minimum salary threshold from £41,700 to £25,000 per year) no longer apply.
- No longer required to recruit from the displace worker pool.

## Other notable changes

- Proposals for 'Earned Settlement':
  - Increasing the default qualifying period for settlement from 5 years to 10 years, as set out in the Immigration White Paper Restoring Control over the Immigration System.
  - Increasing the qualifying period for settlement to 15 years for those in the Skilled Worker and Health and Care routes in a role below RQF level 6 (this includes care workers and senior care workers).
  - Introducing a "No Recourse to Public Funds" (NRPF) condition at settlement, aligning with existing visa conditions.
  - Earned settlement criteria, requiring migrants to demonstrate sustained good conduct, contribution, and integration rather than automatic entitlement after a fixed period.
  - Link to the consultation response form is here: <https://www.gov.uk/government/consultations/earned-settlement>. Open to 6 February.
  - Planned implementation is in Spring 2026.
- National minimum wage to be increased to £12.71 per hour from April 2026
  - Based on previous years, the sponsorship threshold hourly rate is expected to increase to approximately £13.50
- Post-licence priority service fee: Increased from £200 to £350



# Certificate of Sponsorships: Recommendations

- When should I apply for a CoS allocation increase?
  - An in-year allocation increase request can take up to 18 weeks to be decided, unless you apply via the priority route. It is recommended that you apply 6 months prior to the date that the worker's visa is due to expire.
- Evidence to meet the transitional requirements
  - Confirmation the transitional skills threshold is met
  - Name, nationality and date of birth
  - Previous CoS reference number



# Pay for sponsored employees

- For sponsored employees who have been assigned a CoS since 4 April 2025: £25,000 p/a or £12.82 p/h, whichever is higher
- Otherwise, national minimum wage (£12.21)
- Annual threshold based on 37.5 hour working week
- Some fluctuation is permitted month to month, but you should be able to demonstrate that the threshold has been met or exceeded over a 6-month period



# Employment Rights Act 2025: A little history

- Initially 158 pages on 10 October 2024
- 320 pages by June 2025
- Final version stands at 289 pages and received Royal Assent on 18 December 2025
- Part of “The Plan to Make Work Pay”
- Substitute “the Employer” for “Work” and you get the gist
- Preparation is key – staged implementation up to April 2027

# In force now / imminently

- Mainly Trade Union related provisions:
  - Repeal of the Strikes (Minimum Service Levels) Act 2023
  - Repeal of the great majority of the Trade Union Act 2016 (some provisions will be repealed via commencement order at a later date)
  - Removing the 10 year ballot requirement for trade union political funds
  - Simplifying industrial action notices and industrial action ballot notices
  - Protections against dismissal for taking industrial action
- Although not part of the ERA, from 1 December 2025 – ACAS Early Conciliation period extended from 6 weeks to 12 weeks:
  - This means that potentially meaning you might not find out about a claim for 9 – 12 months



# Family-friendly rights

- Day 1 rights:
  - Statutory paternity leave (but not pay)
  - Unpaid parental leave
  - But notice periods remain: Before the 15th week before the Expected Week of Childbirth
- Paternity leave/pay now can be taken after a period of shared parental leave and pay
- No changes between the Bill and the Act
- What does this mean for you?
  - Time to update your employee handbook/family-friendly policies
- Comes into force on 6 April 2026



# Statutory Sick Pay (SSP)

- SSP will be payable from Day 1, rather than the fourth day.
- Removal of lower earnings limit:
  - No minimum earnings level required
  - Employees will be entitled to the flat weekly rate of SSP or 80% of their normal weekly earnings, whichever is lower
  - Prescribed weekly flat rate has not yet been announced
- Expected to be in force in April 2026
- What does this mean for you?
  - Revise sick pay provisions in contracts/handbooks to account for Day 1 entitlement
  - Review your payroll systems
  - Prepare for potential workforce disruption due to more sick days being taken



# Collective redundancies

- Increase of the protective award:
  - For failure to collectively consult
  - Increase of maximum award to 180 days' pay (from 90 days)
- In force from April 2026
- Change to threshold required for collective consultation still under consultation and expected in 2027. The figure will still be at least 20.
- What does this mean for you?
  - If you are considering redundancies (and particularly more than 20), consider bringing the process forward.
  - The increase to the threshold



# Other changes in force in April 2026

- More Trade Union provisions:
  - Collective redundancy protective award – doubling the maximum period of the protective award
  - Simplifying trade union recognition process
  - Electronic and workplace balloting
- Whistleblowing protections – reporting sexual harassment to be a protected disclosure
- Fair Work Agency body established – enforcement powers for holiday pay, SSP, etc.
  - Established on 7 April 2026



# Sexual Harassment

- Prevention of sexual harassment – ‘all reasonable steps’...no change between Bill and Act
- This is expected to come into force in October 2026
- Legislation setting out what amounts to ‘all reasonable steps’ will be published in due course
- What does this mean for you? Put measures and training in place to prepare:
  - Risk Assessment
  - Review your harassment policy
  - Training: Compulsory, Regular (including suitable training on induction), Targeted
  - Put in place reporting mechanisms
  - Measure to monitor and evaluate complaints
  - Consider contractual provisions with suppliers and service users relating to third party harassment



# Limitation Periods

- Limitation periods for bringing all types of claims in the Employment Tribunal extended to 6 months from 3 months
- Comes into force 'no earlier than' October 2026
- What does this mean for you?
  - Increasing the time limit to six months will likely increase uncertainty for employers whilst waiting for potential claims to be issued
  - However, it will also extend the time available for resolving disputes before a claimant has to submit a claim
  - Final hearings are likely to be scheduled a long time after a claimant's employment has ended (due to the tribunal backlog and claimants having more time to submit their claims), which will likely negatively impact witness evidence because of the fading of memories and the risk that key witnesses have moved on to new jobs by the time the hearing takes place



# Discrimination

- Sexual Harassment: Duty to take **all** reasonable steps, including by third parties
  - Anticipated in October 2026
  - Power to specify reasonable steps in 2027
- Third Party harassment:
  - A third party harasses an employee in the course of their employment; and
  - The employer failed to take all reasonable steps to prevent this.
  - Anticipated in October 2026



- What does this mean for you?

- "all reasonable steps" will depend on your specific circumstances (size, sector, working environment, resources etc), but will make it much harder to successfully defend a sexual harassment claim
- Prepare for "all reasonable steps":
  - Risk Assessment
  - Review your harassment policy: Consider a specific sexual harassment policy
  - Training: Compulsory, regular (including suitable training on induction) and targeted
  - Put in place reporting mechanisms
  - Monitor and evaluate complaints
- Consider contractual provisions with suppliers and service users relating to third party harassment

# In force October 2026

- Yet more Trade Union provisions:
  - Duty to inform workers of their right to join a trade union
  - Strengthen trade unions' right of access - we want to come in, and you might not be able to stop us.....
  - Procurement - two-tier code – don't bother tendering for public sector contracts that come with staff
  - New rights and protections for trade union reps
  - Extending protections against detriments for taking industrial action
- Bringing forward regulations to establish the Fair Pay Agreement Adult Social Care Negotiating Body
  - No detail further details on implementation yet though

Any questions?



# Employment law, Business Immigration and HR Legal Support:

- Sponsorship licences and business immigration support
- Day-to-day employment issues
- Dismissals
- Employment contracts and service agreements
- Restrictive covenants, confidentiality and intellectual property
- Employment status
- Restructuring, reorganisation and redundancy
- Mergers, acquisitions, insourcing and outsourcing (TUPE)
- Changing terms and conditions of employment
- Employment tribunal claims
- Discrimination and equal pay issues
- Whistleblowing
- Settlement agreements and pre-termination discussions
- Retainer service and 'TLC' insurance
- Data Protection (GDPR and subject access requests)
- Disciplinary and grievance investigations
- Policies and Procedures
- Employment law and HR training



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# Care Legal Support:

- Advice on compliance with the regulations and registration
- Challenging inspection reports and ratings
- Defending regulatory enforcement action (CQC/Ofsted)
- Criminal investigations and prosecutions (e.g. by police, CQC, etc)
- Safeguarding investigations
- Coroner's inquests
- Funding disputes and unpaid care fees
- Court of Protection cases
- Regulatory due diligence
- Sales, acquisitions and refinancing
- Transactional and commercial services
- Employment issues
- Requirements for charities
- Property services, planning and development
- Restructuring

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