

# The View From London: “New Deal for Working People” (Part 1 of 2)

## WRITTEN BY

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Since its election in July 2024, the left-leaning UK government has taken steps toward implementing its flagship “New Deal for Working People” billed as the biggest strengthening of employment rights in a generation.

While still within the latter stages of the legislative process, and many finer points of detail still to be decided, the overall framework and timing are taking shape. Below is a guide to some of the forthcoming changes, the anticipated implementation timing and suggested steps employers may wish to consider. Part 2 of this update will be released in the next newsletter, and it will address pieces of the legislation expected to go into effect in October 2026 and the beginning of 2027, including: Protection from Harassment by Third Parties; Immediate Protection Against Termination; Enhanced Flexible Work Rights; Regulation of Zero-Hours and Low-Hours Contracts; Restrictions on “Fire and Rehire”; Employment Tribunal Time Limits, Trade Unions; and Tips.

### What’s happening?

#### **Changes to Family Leave Rights, Sick Pay and Menopause Action**

Service eligibility requirements for paternity leave (26 weeks’ employment) and parental leave (52 weeks’ employment) will be eliminated, making these benefits available from the first day of employment. Paternity leave entitlement will remain as two blocks of one week or one block of two weeks, paid at £187 per week or 90% of average weekly earnings, whichever is lower. Parental leave remains unpaid for 18 weeks, with a maximum of four weeks each year, up to the child’s 18th birthday. Statutory sick pay (currently 80% of an employee’s earnings or the current flat rate (£118.75 from April 2025), whichever is lower) will also become available from the first day of absence rather than involving the three-day waiting period that currently applies. In addition, the lower earnings limit of £125 per week below which is not payable is being abolished. Employers with 250 or more employees will be required to publish menopause action plans aimed at promoting women’s health and wellbeing at work as part of an Equality (equity) Action Plan (where there was no such obligation before). While the content of the plan will be a matter for individual employers, suggested steps could include paid time off when experiencing menopause symptoms, working environments with temperature-controlled areas and uniforms alterations. These measures are set to be introduced on a voluntary basis in April 2026, later coming into mandatory force in 2027.

### When is it happening and what should employers do ?

The current implementation timeline expects the changes to occur in April 2026. Given the scope for abuse from the revised sick pay rules, employers may wish to consider absence reporting procedures, enforcing absence reporting methods, and implementing return to work interviews even for short absence periods to discourage misuse. The required information to be published in menopause action plans is still to be determined in secondary legislation.

**Creation of the Fair Work Agency** In a significant and controversial ramping-up of enforcement powers, a Fair Work Agency will be created, which will have the ability to pursue claims against employers on an employee's behalf regardless of the employee's consent or wishes. Its key powers will include: **Holiday Pay Enforcement:** The Agency will now oversee compliance with holiday pay requirements, including record-keeping. This is the first instance of state enforcement in this area, potentially impacting employers considerably. **Statutory Payment Compliance:** The Agency can issue underpayment notices for statutory payments like holiday and sick pay, with a penalty equal to 200% of the amount owed to employees. **Employment Tribunal Actions:** The Agency can initiate tribunal proceedings on behalf of employees who have actionable claims but are not yet pursuing them. **Legal Support:** The Agency will offer legal assistance for employment-related cases, such as holiday pay disputes. **Cost Recovery:** The Agency's ability to recover enforcement costs from non-compliant employers is a new measure that may deter violations and support agency funding. **Expanded Entry Powers:** The Agency can enter homes and business premises with a warrant to obtain documents, inspect computers, and exercise its investigative reach.

**Collective Layoff/RIF Consultation** Currently, if an employer proposes a layoff or RIF involving 20 or more employees in a 90-day period, it must consult collectively with affected employees and for mandated minimum time periods: 30 days for 20 or more employees, and 45 days for 99 or more employees. The current thresholds are met based on the number of employees proposed to be terminated at an "establishment," which is typically a physical location such as an office or other facility, but the proposals will widen this definition to include all of an employer's sites (including remote workers). In addition, the current financial penalty for breaching the requirements will double to 180 days' pay per affected employee.

The current implementation timeline expects the Agency to be created in April 2026 but a longer period could be expected before the Agency seeks to exercise its considerable powers. And, even then, it is likely that the Agency will concentrate on employers engaging in egregious or repeated violations.

The current implementation timeline expects the changes to establishment to occur in 2027 but the changes to the financial penalty will apply from April 2026. Employers of any size may wish in advance of the implementation to consider setting up a standing body for consultation to avoid the need to conduct ballots to elect employee representatives for each layoff/RIF exercise. In addition, enhanced record-keeping is advisable to ensure the thresholds are not inadvertently breached given the large financial penalty that applies.

A detailed list of the measures and the full implementation timetable may be accessed at:

<https://assets.publishing.service.gov.uk/media/686507a33b77477f9da0726e/implementing-the-employment-rights-bill-roadmap.pdf>

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