THE EMPLOYMENT RIGHTS ACT 2025:
OCTOBER 2026 CHANGES

The Employment Rights Act 2025 will without a doubt bring into force reforms that will significantly change the relationship between an employer and its employees. When the Act was undergoing the necessary Parliamentary procedures to be enacted into law, the immensity of the potential increased burden on employers led to protracted debates among ministers. At many points when it seemed that the Act would finally be passed, it was subject to objections that left many asking for amendments.

It has now been just a few months since the Act has been passed, and already a few changes have come into legal force. Some of the more significant changes, however, are still on the horizon. These changes could have a significant impact on your business' policies, procedures, and potential costs for non-compliance.

Following on from our previous note in this series on the April changes, this next edition focuses on some of the key provisions that will be enacted into law from October 2026 onwards. Note that **with the exception of the Employment Tribunal time limits**, all other changes will come into effect on **30 October 2026.**

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Employment Tribunal Time Limits

The time limit for bringing most claims at the Employment Tribunal will be extended from 3 months to the date of the last act or the effective date of termination to 6 months. Note that this change will come into effect earlier than the others; **it will be enacted into law on 1 October 2026.**

What does this mean for your business?

Time limits can be one of the more prohibitive elements of making a claim. 3 months was one of the shortest time limits in any area of law, and if an employee misses this deadline, they are in most circumstances barred from making a claim (though an extension of time may be permissible in limited circumstances). An extension in time limits opens up the floodgates for more claims as employees are now given more opportunity to consider their options. Employers will have to keep a close eye on any trouble that may be brewing, as they could be served a notice of claim 6 months down the line.

On the other hand, an extension in time limits could be beneficial for employers as well. The strict time limits often mean that employees file a claim solely to protect their position, even if they have very little desire to actually litigate. A 6 month limit

prolongs the potential period of negotiations, and could ultimately result in a resolution before a claim even needs to be filed.

All reasonable steps to prevent harassment

Since 2024, employers have been obliged to take reasonable steps to prevent harassment at work. An employee can be compensated up to 25% uplift on any successful discrimination claim if an employer does not comply with this duty. In October, this bar will be raised: employers will now be obligated to take **all** reasonable steps to prevent harassment at work.

What does this mean for your business?

Despite this obligation largely remaining unchanged from what has already been introduced, there still remains little guidance on when an employer will be deemed to have complied or alternatively breached their duty. From the ECHR's 8-step guidance, we do know that 'reasonable steps' includes, amongst others, making risk assessments, implementing up-to-date sexual harassment policies, carrying out regular training, and responding effectively to any reports of sexual harassment.

However, employers have still been provided with no clear answers on the point at which it can be said they have done all they reasonably can. For now, we advise employers to undertake all measures recommended by the ECHR 8-step guidance insofar as is possible with their current resources.

Third party harassment

After October, employers can now potentially be held liable for the harassment that their staff faces from third parties. The Employment Rights Act 2025 s 21 now provides that employers must take **all reasonable steps** to prevent third party harassment. This obligation applies to all forms of harassment in relation to any protected characteristic (race, sex, disability, etc) as well as sexual harassment.

A '*third party*' means anyone other than the employer or one of its employees. Customers, suppliers, vendors, etc fall into this definition.

What does this mean for your business?

From speaking with various clients and HR professionals, this is certainly the change that employers are most fearful of given the limited control over third parties and as well genuine consequences that can be implemented. The government has clarified

that there will be lower expectations on the reasonable steps an employer takes against third party harassment compared to harassment between employees. Employers will not be penalised for not having implemented impractical or impossible steps. The conduct must also still meet the definition of 'harassment' under the Equality Act, a legal term that is not simply offence having been caused.

That being said, even with these clarifications, there is still a great onus being placed on employers that has not existed before. Some of the most under-resourced industries, namely the hospitality, food & beverage, and care services amongst others, are expected to be the most disproportionately impacted.

While the government is only set to provide guidance on what constitutes a 'reasonable step' in 2027, we provide a couple of suggestions that your business can implement. Firstly, having a third-party harassment policy will be crucial, and you should make sure that any third parties your employees interact with are put on alert of the details of the policy as well as the potential consequences for failure to comply. You can do this, for example, by putting up informative posters around your physical location, or putting this in your terms prior to contracting with a vendor.

Tipping

Prior to creating a tipping policy, businesses must now consult with its workers or their representatives before implementing this. Businesses must also update their tipping policy every 3 years.

Detriments and industrial action

Any worker who takes part in industrial action, such as a strike, will be protected against suffering a detriment in connection with such industrial action. 'Detriment' is any less favourable treatment by an employer that falls short of dismissal.

Want to know more?

Whether you are an employer, a HR professional, or simply someone who would like to know more about the enacted employment reforms, contact us on the following details:

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