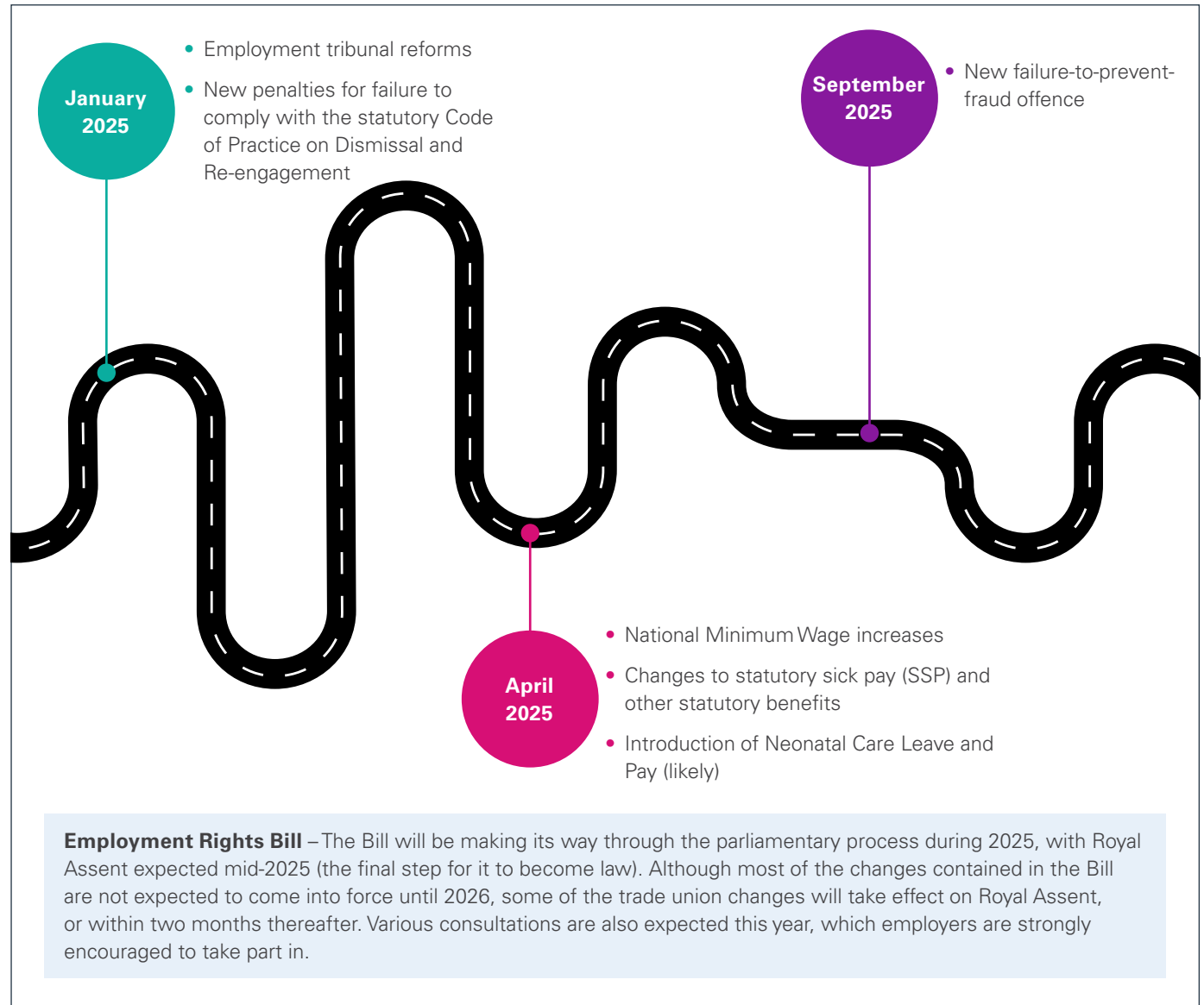


As 2025 kicks off, we thought it would be useful to summarise the key legislative developments that are anticipated to come into force during the year.

On a positive note, 2025 should be quieter on the legislative front than 2024, but employers should not be lulled into a false sense of security. With the changes contained in the Employment Rights Bill on the horizon, employers should be using the next 12 months to prepare themselves for the wide-ranging reforms that will be taking place during 2026 and beyond.

Our snapshot will bring you up to speed with where you need to be and help you with your priorities. Please click on the dates for more information about the changes.



Employment Tribunal Reforms

Following responsibility for the rules governing employment tribunal practice and procedure switching from the Secretary of State for Business and Trade to the Tribunal Procedure Committee, new tribunal rules come into force on **6 January 2025**. These are not substantively different to the previous rules, but it is worth employment tribunal users being aware of this change, especially if corresponding with an employment tribunal and required to refer to them. Further changes to the tribunal rules are expected in April and October 2025, although the exact form these will take is not yet known.

Of greater practical significance, a new Practice Direction on the presentation of claims and responses is also expected to be issued later this month, which means that email will no longer be an acceptable method of presenting a response (ET3), other than in exceptional circumstances. ET3s will only be able to be submitted online, by post or by hand. Professional representatives are able to use the MyHMCTS online service. We understand that once the new Practice Direction has been issued, it will not come into force until at least five weeks later.

“Fire and Rehire”

On 18 July last year, the previous Conservative government issued a new statutory [Code of Practice on Dismissal and Re-engagement](#), which sets out the steps employers should follow where they are unable to agree changes to terms and conditions with their employees, and they opt to go down the dismissal and reengagement route. As with many other codes of practice, an employer’s failure to comply with the code does not in itself give employees or their representatives any basis for a standalone claim, but such a failure will be taken into account if an employee brings one of the tribunal claims set out in Schedule A2 of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULR(C)A), e.g. unfair dismissal. Any unreasonable failure to comply with the code could result in an uplift (or reduction) in any compensation awarded by up to 25%. See our previous [alert](#) for further details.

From **20 January**, tribunals will also be able to apply any uplift (or reduction) to any protective award made (i.e. where the employer has been found to have not complied with its collective consultation obligations under TULR(C)A). This amendment was due to come into force last year at the same time as the new statutory code of practice, but as the draft legislation had not been approved before Parliament was dissolved due to the general election, its implementation was delayed.

Practical advice: Although claims for a failure to comply with the collective consultation obligations under TULR(C)A are not common, if they are brought and upheld, then the potential costs of noncompliance for the employer can be significant, with awards of up to 90 days’ actual pay per affected employee being payable. Following the changes in January, we could be talking about even more significant sums of money, depending on the number of affected employees and the scale of the noncompliance. Employers should therefore ensure they comply with the above code if they end up going down the dismissal and reengagement route, and the collective consultation rules are triggered. As previously flagged, the Labour government is proposing to make further reforms in this area under the Employment Rights Bill.



National Minimum Wage Increases

Following recommendations by the Low Pay Commission (LPC), the government has confirmed the new hourly rates for the National Minimum Wage/National Living Wage (NLW) from 1 April 2025. These are as follows:

Age	Rate From 1 April 2025	Increase	Percentage Increase
21 and over (NLW)	£12.21	£0.77	6.7%
18-20	£10.00	£1.40	16.3%
16-17	£7.55	£1.15	18%
Apprentice rate	£7.55	£1.15	18%

For the first time, the government asked the LPC to take into account cost of living, including expected trends in inflation up to March 2026, when recommending the NLW.

April will also see the introduction of the changes to employer National Insurance contributions, announced in the autumn budget.

Practical advice: Many a business has been caught out by a seemingly innocuous practice (e.g. staff paying for any uniform in connection with their employment) that has inadvertently dipped their employees under the minimum wage rates. This is ever more likely as the minimum rates increase and the “cushion” that employers thought they had, between what they pay and the minimum, is eroded.

Our previous [Employment Law Worldview blog](#) gives detailed commentary on this and offers six pitfalls to avoid. The long and the short of it is that the rules are complex, and inadvertent breach is easier than it ought to be. We recommend that any business with staff paid at or near the NLW should take some preemptive steps to see if this might be an issue when these increases come into force.

Increased Benefit Rates for 2025-26

The Department for Work and Pensions has confirmed that from April 2025, SSP will increase from £116.75 to £118.75 per week. The weekly rate of statutory maternity pay, statutory adoption pay, statutory paternity pay, statutory shared parental pay and statutory parental bereavement pay will increase from £184.03 to £187.18.

Neonatal Care Leave and Pay

The Neonatal Care (Leave and Pay) Act 2023 received Royal Assent back in May 2023 and was expected to come into force in April 2025. We have not yet seen confirmation from the government that this will happen, but as HMRC issued a policy paper last October on the tax treatment of statutory neonatal care pay, we assume it is still working to this timetable. We will of course keep you posted.

By way of reminder, this Act gave the government the power to make new regulations granting eligible employees the right to neonatal care leave and neonatal care pay in certain circumstances. The Act allows provision to be made for the following:

- **Neonatal care leave** – A right for eligible employees to be absent from work for a prescribed period of at least one week in respect of a child who is receiving, or has received, neonatal care.
 - All employees who meet the eligibility criteria will be entitled to this leave, regardless of how long they have worked for the employer.
 - The leave must be taken within 68 weeks of the child’s birth, thus giving parents the ability to take the leave in addition to any other statutory leave they may be eligible for, e.g. maternity/paternity/adoption leave, etc. It will be available to employees who have babies who are admitted into neonatal care up to the age of 28 days and who have a continuous stay in hospital of seven full days or more.
 - Although the Act only provides for a minimum period of at least one week at a time, the previous intention was that the total amount of leave would be capped at 12 weeks, and this will be set out in separate regulations.
- **Neonatal care pay** – A right for eligible employees who meet minimum requirements relating to continuity of employment (at least 26 weeks with their current employer) and earnings to be paid during that leave at the statutory prescribed rate – in line with other family-related statutory payments.
- **Employment protections** – Parents taking neonatal care leave will have the same employment protections as those associated with other forms of family-related leave, e.g. maternity/paternity/adoption leave. This includes protection from dismissal or detriment as a result of having taken or applied for the leave.

There will be new regulations setting out the full details of the new protections, but these have not yet been published.

Practical advice: When the new provisions come into force, employers should consider introducing a policy to reflect the new statutory rights, so their staff are aware of them. Employers may also choose to grant additional protection in addition to the statutory rights, which can be reflected in the policy.

Other Family-friendly Changes

The government has promised to review the current parental leave system, as it acknowledges that it does not currently support working parents.

In December, the Women and Equalities Committee launched an inquiry to examine options for reforms of the statutory shared parental leave scheme and statutory paternity rights with the aim of identifying the most effective ways of incentivising more equal division of childcare responsibilities. The deadline for submitting evidence is 31 January 2025.

September 2025

New Failure-To-Prevent-Fraud Offence

The Economic Crime and Corporate Transparency Act 2023 created a new corporate offence of failure to take reasonable steps to prevent fraud, which means that affected employers will be liable where a specified fraud offence is committed by their employees or other associated persons, for the employer's benefit, and they did not have reasonable fraud prevention procedures in place. The new offence will come into force on **1 September 2025** and will apply across the UK.

This new offence applies to large organisations, defined as meeting two out of three of the following criteria: more than 250 employees, more than £36 million turnover and more than £18 million in total assets.

The government has recently issued [guidance](#) regarding this new offence, which sets out the procedures that organisations can put in place to prevent people associated with them from committing fraud offences.

Practical advice: Affected employers should be reviewing their existing fraud prevention procedures in light of the guidance to see if any changes will be required to ensure compliance with these new requirements. Fines for a failure to take reasonable steps to prevent fraud will be unlimited, so this needs to be on the board's agenda. Changes may be required in various respects, including policies, procedures, risk assessments, training and contracts.



Employment Rights Bill – Update

Obviously, the employment law development on everyone's lips is the Employment Rights Bill, which is due to receive Royal Assent this year, most likely at some point over the summer.

As per our previous [guide](#), the Bill proposes wide-ranging changes to employment law, from "day one" unfair dismissal rights to greater rights and protections for trade unions.

In terms of recent developments, the Bill is still working its way through the parliamentary process, with the Public Bill Committee scrutinising it line by line and due to report to the House of Commons by 21 January 2025.

In October last year, the government published four consultation papers on some of the more technical aspects of the Bill. All of these consultations closed in early December. Responses to these consultations are likely to inform further changes to the draft legislation. The government has also tabled a number of amendments to the Bill, the most significant of which will extend the time limit for bringing employment tribunal claims from three to six months. We are expecting to see further consultations during 2025 on some of the "big" issues, such as removing the qualifying period for unfair dismissal claims.

As mentioned above, although most of the changes outlined in the Bill are expected to come into force in 2026 and beyond, some of the trade union changes (repeal of the Strikes (Minimum Service Levels) Act 2023 and some of the measures previously introduced by the Trade Union Act 2016) will take effect in 2025, once the Bill becomes law.

During 2025, we are also expecting to see the draft Equality (Race and Disability) Bill, which will, among other things, make it mandatory for large employers to report their ethnicity and disability pay gap.

Practical advice: As mentioned above, the government is expected to launch a number of consultation exercises during 2025 on key proposals contained in the Bill. We would recommend that employers engage loudly and comprehensively with any such exercises. The government places weight on the number of responses from interested parties on any given point, so employers that consider any of this to be ill-founded would be well advised to participate in the consultation exercises. It is possible that, coupled with the Regulatory Policy Committee's recent findings that material parts of the Bill have been developed without appropriate supporting analysis (see our previous [blog](#)), voluminous and vociferous pushback by employers could lead to some refinements to the Bill before its provisions are finalised. We can but try!

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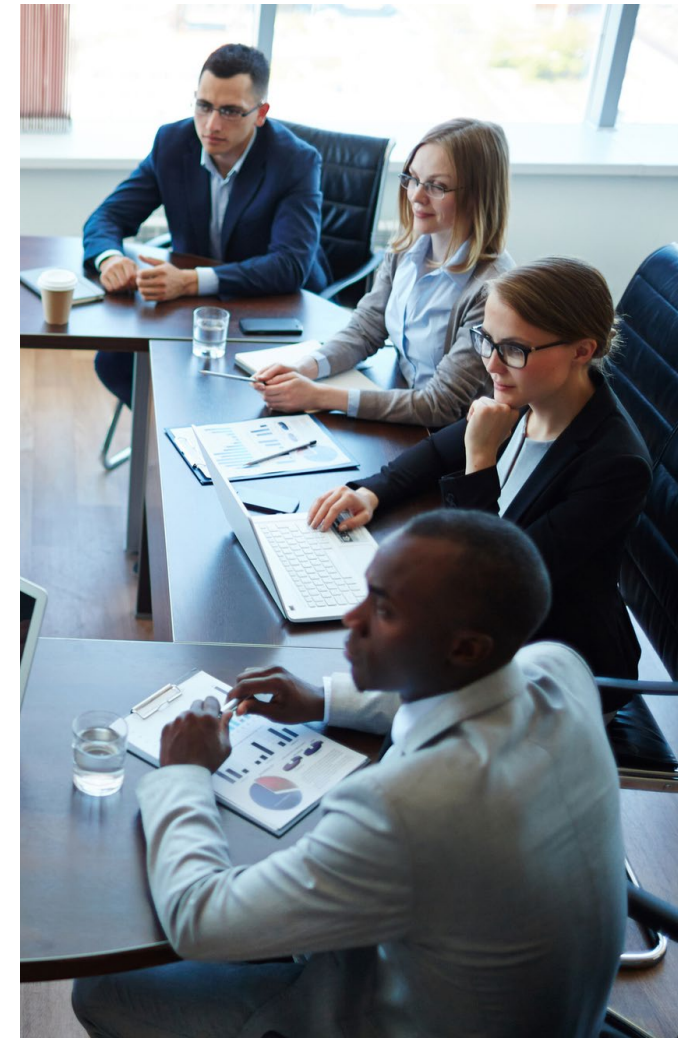
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