



# UK Employment Law Update – January 2025

Welcome to our monthly update, with a summary of the latest news and current trends and developments in UK employment law.

As we start 2025, our January update looks ahead to upcoming changes to employment law, including a new statutory right for employees around neonatal care, increases to statutory rates and limits, and enhanced compensation for breaching the code of practice on fire and rehire, as well as the usual round-up of interesting cases.

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## Latest employment law reforms – Employment Rights Bill

**Overseas workers:** The Home Office and Department of Health and Social Care have announced plans to ban employers from recruiting workers from overseas where they have committed serious offences such as visa breaches or failure to pay the minimum wage. This provision is expected as an amendment to the Bill.

## Case law updates

**TUPE:** In an important TUPE case to start the New Year, the Employment Appeal Tribunal (EAT) has been considering where liability should rest where an employee does not want to transfer to a new employer due to proposed changes to their working conditions. This requires a careful analysis of the interplay between the right to object to a transfer (regulation 4(7)) and the right to treat the contract as terminated where the transfer involves a substantial change in working conditions to their material detriment (regulation 4(9)). The claimant, a bus driver, did not want his employment to transfer to a new employer under TUPE because of a significant change to his commute time to a new 'base' bus depot. He objected to the transfer and although he was offered alternative work by the transferor, he did not accept the terms offered. However, he neither resigned nor elected to end his contract due to the changes proposed by the transferee. The EAT's surprising conclusion is that where there is an objection under regulation 4(7) in circumstances where regulation 4(9) applies, the objection does not act to terminate the contract of

employment with the transferor on the date of the transfer, regardless of whether or not the employee elected to treat contract as having ended. This meant the outgoing employer (transferor) was deemed to have dismissed the claimant, and liability rested with them and not the new employer (transferee). Outgoing employers worried about a similar scenario arising should consider obtaining suitable indemnities. ([London United Busways v. De Marchi](#))

**Unfair dismissal:** A claimant was fairly dismissed for “some other substantial reason” when her employer concluded that there was an irretrievable breakdown in relations arising from a grievance and her subsequent conduct in response to that grievance, despite the outcome of the grievance being largely in her favour. The employment tribunal (ET) dismissed her claim, and the appeal before the EAT turned on the extent to which her employer should have considered alternatives to dismissal and her long length of service before dismissing. The EAT concluded that in the circumstances of this case, length of service was irrelevant to the decision whether to dismiss; once it was established that the relationship had broken down, dismissal was the only option. ([Alexis v. Westminster Drug Project](#))

**Tribunal procedure – postponement:** An ET was entitled to refuse an application to postpone a hearing despite the claimant (who was representing herself) providing medical evidence supporting a delay. The claimant suffered a panic attack caused by the pressures of her claim combined with her autism and was medically advised to take two weeks to recover. The ET’s decision to reject the postponement was based on a finding that the situation was likely to repeat itself at any future hearing and a balancing of the right to a fair trial against the impact on the respondent. ([Kaler v. Insights ESC](#))



**Tribunal procedure – extending time limits:** The Court of Appeal has been considering when it is “just and equitable” to extend the time limit for bringing a discrimination claim in circumstances where the claimant’s job application was unsuccessful, but facts from which discrimination could be inferred only came to the claimant’s attention after the expiry of the ordinary time limit for bringing an ET claim based on the rejection date. The claim was initially struck out for being out of time, but this decision has now been successfully appealed. On the facts, the claimant being told he had not got the job was not enough to justify issuing a discrimination claim at that time; the justification only arose once he became aware at a later date of the ethnicity of the successful candidate. This appeal court decision provides a helpful reminder that the date on which a claimant becomes aware of the basis for their discrimination claim is relevant to time limits, and it comes at a time when the government is proposing to extend the time limit for bringing ET claims from three months to six. ([Jones v. Secretary of State for Health and Social Care](#))

## Legislative developments

**Fire and rehire – compensation for breach of code of practice:** Legislation comes into force on 20 January 2025 which will bring protective awards (for failing to comply with any collective consultation requirements) within scope of the 25% compensation uplift where there is a failure to follow the code of practice on fire and rehire.

**Neonatal leave and pay:** Legislation granting a statutory right to leave and pay for parents of babies requiring neonatal care was passed in 2023 and is expected to come into force in April 2025, although this is yet to be confirmed. Further regulations will provide more detail, although we expect the new right will allow up to 12 weeks of leave and pay in the first 68 weeks after birth, provided the eligibility criteria are met.

**Fraud:** Large organisations will be criminally liable from 1 September 2025 if an employee, agent, subsidiary or other associated person commits fraud with the intention of benefitting the organisation, unless they have reasonable processes in place to prevent it. Read more about the new offence [here](#).

## Other news

**Financial services:** The following updates have been provided following a request by the Treasury Committee for details of progress against recommendations arising from the Sexism in the City inquiry:

- The FCA has prioritised its work on non-financial misconduct and updating its handbook of rules and guidance, and it intends to publish a final policy statement in early 2025.
- The FCA and PRA will publish a joint update in the second quarter of 2025 setting out next steps around diversity data reporting and target setting.
- The FCA and PRA will jointly monitor the impact on gender pay inequality of removing the bonus cap.
- The FCA will strengthen its messaging to whistleblowers and promote their whistleblowing channels.

**Immigration:** Home Office guidance was updated on 31 December 2024 to expressly prohibit employers from passing on to, or recouping (or attempting to recoup) from, sponsored workers the following fees: skilled worker sponsor licence fees and associated administrative costs; and certificate of sponsorship fees for certificates assigned on or after 31 December 2024. Employers in breach risk their sponsorship licences being revoked.

**Immigration - travel authorisation:** Eligible non-European travellers to the UK need an [electronic travel authorisation](#) (ETA) to enter from 8 January 2025. Eligible European travellers will require an ETA from **2 April 2025**.

**Modern slavery:** In October 2024, the House of Lords Committee on the Modern Slavery Act 2015 published its [report](#) following an inquiry into the effectiveness of the Act and made several recommendations. The [government's response](#) to the report confirms its intention to revisit certain aspects of the legislation, including who is required to publish reports, changes to the registry, introducing a new public-facing dashboard, strengthening penalties for breaches of the law, and enhancing enforcement, but no timescale has been set out for these changes.

**Statutory rates and limits:** The DWP has announced planned increases in various statutory payments, to apply from April 2025. These include an increase in SSP to £118.75 per week, an increase in the statutory rates for maternity pay, maternity allowance, paternity pay, adoption pay, shared parental leave pay and parental bereavement pay to £187.18 per week, and an increase in the lower earnings limit to £125 per week.

**Terminal illness:** The government has confirmed it does not intend to deviate from the current flexible approach for employers managing employees with terminal illnesses, although it recognises that more needs to be done to promote current guidance and ensure it is readily accessible, up to date and easily understood. The government will also work with Acas to promote the Dying at Work Charter.

## New guidance

**Sexual harassment:** On 11 December 2024, the EHRC published [guidance for employers](#) on complying with the new duty to prevent sexual harassment at work during the festive party season, although the guidance remains relevant throughout the year for work related events. It reminds employers to anticipate potential issues, especially where alcohol, power imbalances and overnight stays may be involved. Employers are advised to set expectations around appropriate behaviour, ensure everyone knows how to report concerns, and consider the risks of third party harassment. The guidance also highlights the importance of assessing how this may impact the location of parties, activities, and what needs communicating to third parties about the company's expectations.

## Consultations

**Paternity and shared parental leave:** The Women and Equalities Committee has launched an [inquiry](#) into statutory paternity and shared parental leave to identify options for reform and ways to incentivise the use of the schemes. Interested parties have until 31 January 2025 to submit evidence.

**Financial services:** The FCA and PRA have published a [joint consultation on reforming the remuneration regime](#) for dual-regulated firms, with the aim of making it simpler, more effective and proportionate whilst also enhancing international competitiveness. Responses are requested by 13 March 2025.

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