



Department for
Business & Trade

Zero hours contract measures in the Employment Rights Act 2025

Introduction

- The government passed an Act of Parliament in December 2025: the Employment Rights Act 2025 (ERA).
- This Act sets out new rights to give workers increased protections.
- The next legislative step is for the government to bring forward regulations on some of the detail – much of this detail will be asked about in the consultation, which launched recently.
- When the consultation has closed, the government will publish a consultation response and then deliver the regulations.
- After that, the measures will come into force and become law.

Data on the current use of zero hours contracts

There are considerable challenges with insecure hour work, with the workforce often being low-paid, exposed to fluctuations in income and an inability to assert their rights for fear of being negatively affected in future.



- An estimated 1.2 million people were on zero hours contracts as of May 2025¹. People on zero hours contracts are more likely to be young (16-24), female or in full time education. Employers which operate in sectors where work may be seasonal or unpredictable are more likely to use ZHCs, such as hospitality, retail or health and social work.
- Other groups in the labour market also experience variability in their hours, including those working for temporary agencies (around 1 million workers), and those with some hours guaranteed.
- While variable contracts can benefit both workers and employers, there is strong evidence of 'one-sided flexibility':
 - ❑ **Unpredictability:** Employers tend to control when people work, and this is often subject to last minute changes. 13% of workers whose hours vary received less than 24 hours notice of shifts, 59% less than a week, 78% less than two weeks and 86% less than 4 weeks².
 - ❑ **Lack of security:** 49% of people in 'insecure' work say that their income changes either a fair amount or a great deal month to month³. These workers are also subject to late changes in shifts and income. Around 25% of 'insecure workers' have shifts cancelled unexpectedly². 46% receive no notice of shift cancellations, with a further 9% receiving at most 12 hours⁴.
 - ❑ **Inability to manage finances:** Those in insecure work are five times more likely to take out high-cost loans to make ends meet as a result of gaps in finances³.

What rights will workers be entitled to under zero hours contract clauses in the Act?

The Act aims to address the lack of predictability and security experienced by some workers so that those workers can better plan their lives and finances.

A new right to guaranteed hours, reflecting the number of hours a worker has regularly worked over a reference period.

A new right to reasonable notice of shifts, and of changes to shifts

A new right to payment where shifts are cancelled, moved or curtailed at short notice.

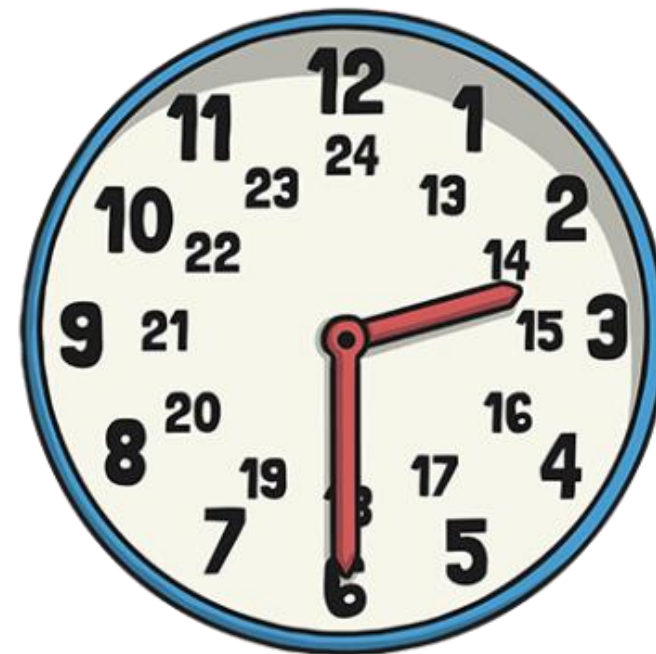
The rights may apply differently to directly engaged workers and agency workers.

The right to guaranteed hours

- Employers will be required to make guaranteed hours offers to qualifying workers that reflect the number of hours worked during a reference period. Workers can reject the offer and remain on their existing arrangement if they prefer.
- To be in scope of the right, workers must have worked for their employer on a zero hours basis, or have a number of hours guaranteed in their worker's contract that is below an 'hours threshold' that will be specified in regulations – in which case they must exceed their contracted hours during the reference period. To qualify, workers in scope will need to meet regularity conditions, which will be specified in regulations.
- There will be an initial reference period for each worker in scope. Workers will have further opportunities to qualify during subsequent reference periods, if they are still in scope.
- Hirers will be responsible for providing guaranteed hours offers to qualifying agency workers. If an agency worker accepts the offer, they will then become directly engaged by their former hirer.

The right to guaranteed hours

- **Key power:** The hours threshold
- **What is it/ what does it do?** To be in scope of the right to guaranteed hours, workers must have worked for their employer on a zero hours contract or arrangement, or have a number of hours guaranteed in their worker's contract that is below an 'hours threshold' that will be specified in regulations.
- **How is it asked about in the consultation?** We've set out a range of options for where the hours threshold should be set, with a corresponding question for agency workers.



The right to guaranteed hours (continued)

- **Key power:** The length of the initial reference period
- **What is it/ what does it do?** Employers will need to make guaranteed hours offers to qualifying workers that reflect the number of hours worked during the initial reference period. This power determines the length of the initial reference period.
 - *The initial reference period will start either when the measures come into effect for workers who are already employed, or – for those not employed at the time the measures come into effect - the first day of employment of workers after the measures have commenced.*
- **How is it asked about in the consultation?** We've set out a range of options for how long the initial reference period should be, for directly engaged and agency workers. The Government's preferred option is 12 weeks.

The right to guaranteed hours (continued)

- **Key power:** The length and timings of subsequent reference periods
- **What is it/ what does it do?** Workers who are still in scope of the right after the initial reference period will have the opportunity to be offered subsequent offers if they later qualify. This power determines the length and timings of subsequent reference periods.
- **How is it asked about in the consultation?** We're asking questions about whether the subsequent reference period should follow the last reference period (for both directly engaged and agency workers) and how long they should be, with a free text option to explain your answers.

The right to guaranteed hours (continued)



- **Key power:** Regularity requirements
- **What is it/ what does it do?** To qualify for the right to guaranteed hours, the worker's hours of work during the reference period would need to satisfy certain regularity requirements that will be specified in regulations.
- **How is it asked about in the consultation?** We've set out options for how the regularity requirement could be set out, asking you to choose which one you prefer and why. We also ask a corresponding question on applying regularity conditions to agency workers.

The right to guaranteed hours (continued)

- **Key power:** Temporary need
- **What is it/ what does it do?** One of the ways businesses could manage seasonal fluctuations while complying with the right to guaranteed hours is the use of limited term contracts.
- Guaranteed hours offers should be made on a permanent basis, unless it is reasonable for the contract to be of a limited term. Employers can make a guaranteed hours offer to enter into a limited term contract, as long as it is reasonable to do so. It would be reasonable if the worker is hired to perform a specific task, until a particular event occurs, or in other circumstances where there is a 'temporary need' which will be specified in regulations.
- **How is it asked about in the consultation?** We've provided a free text option to ask you to give examples of 'temporary need' which are unrelated to a specific task or event and will need to be specified in regulations.

The right to reasonable notice

- Employers will have to give eligible workers 'reasonable' notice of shifts and of changes to shifts.
- We will set in regulations how much notice should be 'presumed reasonable'.
- We will also set in regulations the factors employers and workers should consider when determining what notice is reasonable. Depending on the specific circumstances, it is possible that even very short notice could count as 'reasonable'.
- Agencies and hirers are both responsible for providing reasonable notice of shifts to eligible agency workers.

The right to reasonable notice of shifts

- **Key power:** The presumption of reasonable notice
- **What is it/ what does it do?** The presumption of reasonable notice will be a starting point for workers, employers, and tribunals when determining how much notice is reasonable.
- **How is it asked about in the consultation?** We're asking how much notice should be presumed reasonable for both directly engaged and agency workers, with a range of options to choose from.



The right to reasonable notice of shifts (continued)

- **Key power:** Factors determining reasonableness
- **What is it/ what does it do?** Employers, workers and tribunals if escalated should consider these factors when considering whether notice is reasonable in the circumstances.
- **How is it asked about in the consultation?** This question has a free text box for you to fill in your views on when less or more notice should be considered reasonable.

The right to payment for shifts cancelled, moved or curtailed at short notice

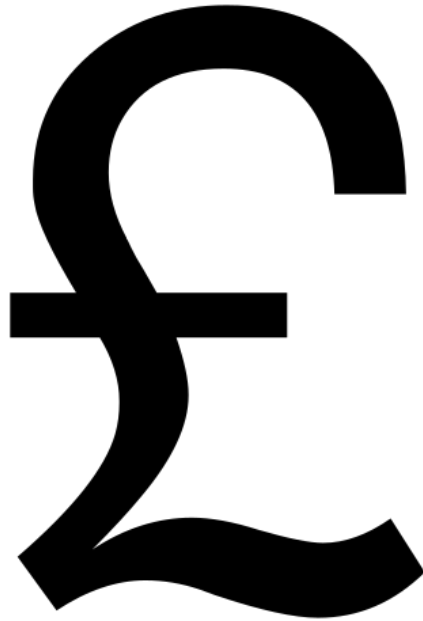
How will it work?

- If an employer, agency or hirer cancels, curtails, or moves the time of a shift at short notice, the worker will be entitled to a payment.
- We'll set the payment amount in regulations - it will be linked in some way to how much the worker would have earned from working the shift. A higher payment could also be required for cancelling, moving or curtailing at very short notice.
- The Act also allows us to set exceptions to the duty to make short notice payments.
- Agencies are responsible for making short notice payments to eligible agency workers.

The right to payment for shifts cancelled, rescheduled and curtailed at short notice (continued)

- **Key power:** The period of short notice
- **What is it/ what does it do?** Workers who have a shift cancelled, moved or curtailed within the short notice period will be entitled to a payment. We could also set a period of 'very short notice'.
- **How is it asked in the consultation?** We're asking separate questions on where the short notice period should be set for directly engaged workers and agency workers, with ranges of options for each.

The right to payment for shifts moved, cancelled and curtailed at short notice (continued)



- **Key power:** The short notice payment amount
- **What is it/ what does it do?** This will determine how much an eligible worker will receive for having a shift moved, cancelled or curtailed at short notice.
- **How is it asked about in the consultation?** We've set a range of options showing different percentage values of the shift that workers could receive for a payment, asking you how much they should be entitled to and why.

The right to payment for shifts moved, cancelled and curtailed at short notice (continued)

- **Key power:** Exceptions from the duty to make the short notice payment
- **What is it/ what does it do?** This power provides for exceptions from making the payment – i.e., circumstances in which the duty does not apply.
- **How is it asked about in the consultation?** We ask you whether you think there should be any exceptions, what these exceptions should be, and why.

Collective agreements

- The Act allows collective agreements between trade unions and employers to agree tailored conditions which would benefit both the workers and the employer.
- The aim is to allow unions and businesses to agree more nuanced and tailored rules to apply to their specific industry.
- To do this, the union must have a certificate of independence, and the benefits the union negotiates in return must be incorporated into workers' contracts.
- We want to allow that flexibility while also providing a strong baseline protection for workers in sectors where unionisation is uncommon or agreement cannot be reached.

Annex

Links

[Make Work Pay: ending one-sided flexibility – reforms of zero hours and similar contracts - GOV.UK](#)

[Reforms of zero hours and similar contracts](#)

Impact assessments:

- [Employment Rights Bill economic analysis](#)
- [The right to guaranteed hours](#)
- [The rights to reasonable notice and payment for shifts moved, cancelled or curtailed at short notice](#)

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