



**EMPLOYMENT
RIGHTS ACT**

A Small Business Survival Guide

2026



The Employment Rights Act 2025 became law in December 2025, bringing with it **over 28 key changes** to legislation. It's the biggest reform to employment law in years.

Changes coming now and throughout **2026 and 2027** are expected to cost businesses **£1 billion a year**. And for small businesses like yours with limited HR resource, there's extra pressure, especially if you rely on casual, zero-hour or flexible workers.

BrightHR is here to cut the red tape. We're translating these changes into practical actions you should be taking as a business owner. We'll also show you how BrightHR saves you time and reduces your risk.



ACT NOW: These changes are confirmed

April 2026 marks a turning point in employment legislation. These major changes include sick pay rules, and expanded parental leave and enforcement.

***You need to act now to
avoid penalties and disruption
to your business.***

Sick pay reforms

 6th April 2026

What's changing?

Statutory sick pay (SSP) will be **payable from day one**. The **lower earnings limit** is gone and a new calculation comes in: SSP or 80% of average weekly earnings.

What you need to do

Prepare your payroll for the new changes: remove the waiting period and lower earnings limit, and get the new calculations added.

Make sure you document sickness absences and keep payment records if you ever need to evidence this. And you may need to, with the launch of a new enforcement body.

What's the risk?

SSP is not covered by the government, so you'll be facing extra costs, and extra admin. If your records aren't up to scratch, you could be hit with big fines.

How BrightHR makes it simple

HR software

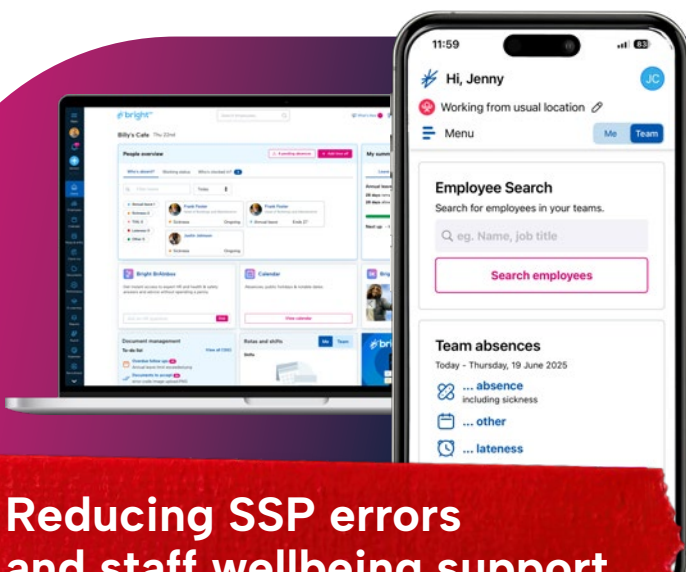
Absence management software streamlines SSP procedures, like logging sick days and completing return to work forms.

Payroll

Our integrated payroll calculates SSP, so you don't have to work it out yourself. And when new rates kick in, it will account for those automatically.

Wellbeing

BrightHR's Employee Assistance Programme boosts wellbeing to reduce absences in the first place.



Reducing SSP errors and staff wellbeing support will help you recover extra costs.

Duty to keep holiday records

 6th April 2026

What's changing?

You have a legal requirement to **keep records of annual leave for six years**. This includes leave carried over, holiday pay, and payments in lieu of annual leave.

What you need to do

Record all annual leave and holiday pay, including carried over leave. This will apply for all workers: full time, part time, contract and agency, short term and irregular hours.

This rule isn't retrospective, but you need to show records from **6th April**.

What's the risk?

You'll face **unlimited fines** for not keeping the correct records.

Underpayments will cost you **200%** of the amount due to staff, capped at **£20,000 per employee**.

How BrightHR makes it simple

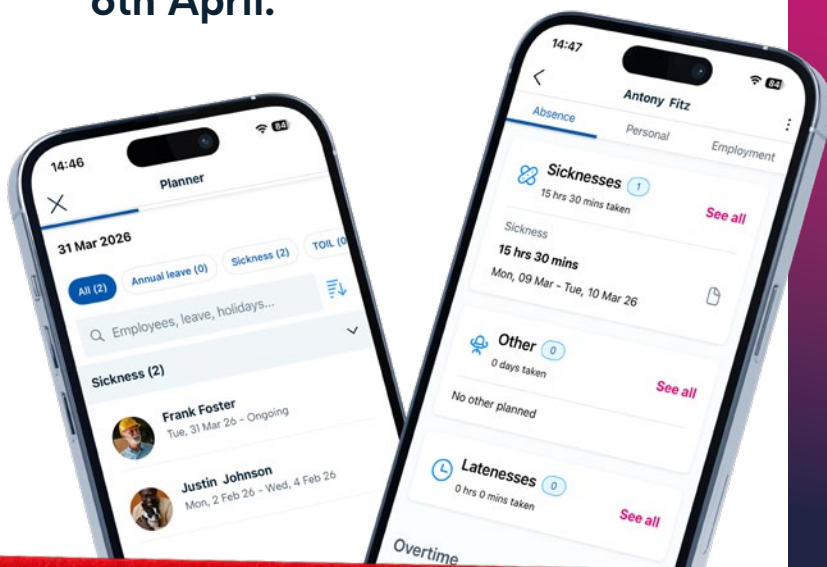
HR software

The annual leave planner stores all your required records, without any extra admin.

You'll also have an accurate calculation of holiday allowances for any working hour pattern to make sure you're compliant.

Payroll

Remove the risk with automated calculations for pay, tax, and deductions. Record keeping that keeps you audit-ready.



Keep six years' worth of records in one filing cabinet, in your pocket.

Parental leave rights

 6th April 2026

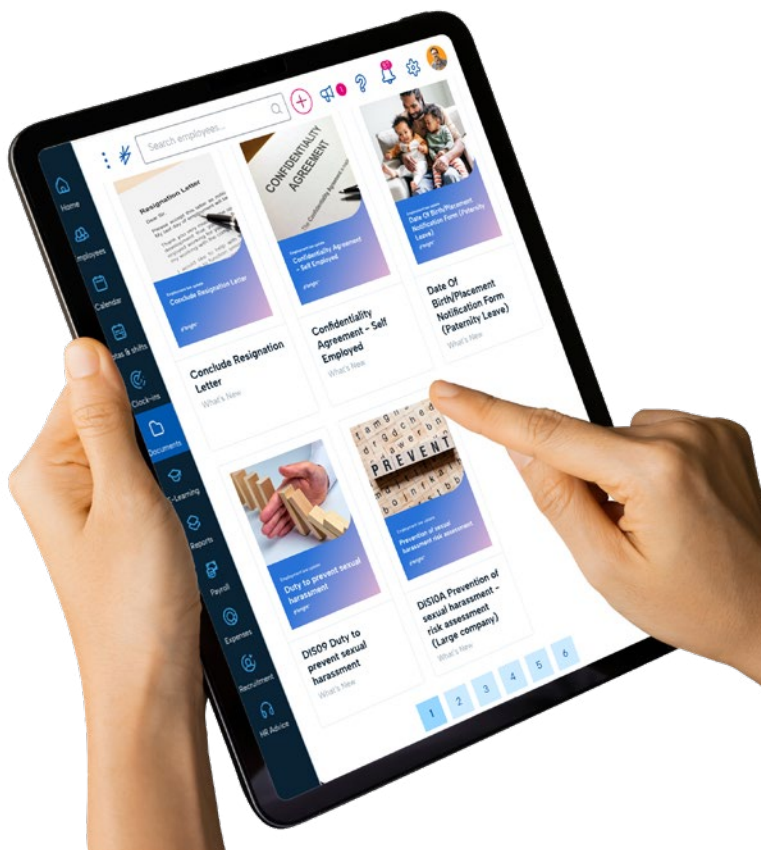
What's changing?

Paternity leave and parental leave become **day one rights**.

Staff can give notice now in anticipation of being eligible when this kicks in.

What you need to do

Day-one family rights require day-one policies and systems. Update these to ensure they meet new leave and pay rights, and make sure to keep records.



What's the risk?

Prepare for disruption as long-term leave requests could be coming in, even from new starters.

How BrightHR makes it simple

Documentation

Get new paternity and parental leave policies from a library of tailored contracts, handbooks and policies. They're all updated according to the latest legislation.

Advice

Our UK-based HR experts are available 24/7 for advice on managing parental leave requests. When you take our advice, we also offer protection on legal costs and representation.

Putting the right policies in place now will help you handle long-term absences properly.

New enforcement body

 7th April 2026

What's changing?

The Fair Work Agency is launching as an enforcement body on key employment rights, including pay, holiday entitlement and modern slavery.

What you need to do

Your **business needs to be inspection ready, always.**

And documentation is key for this. Make sure you've got records to evidence that you've provided the correct annual leave, holiday pay and sick pay.

More enforcement details will come once the agency is set up, so keep up to date when this happens.

What's the risk?

Your business could be inspected even without employee complaints.

The burden of proof lies with you, so if you can't prove you're following the law, big fines are on the cards.

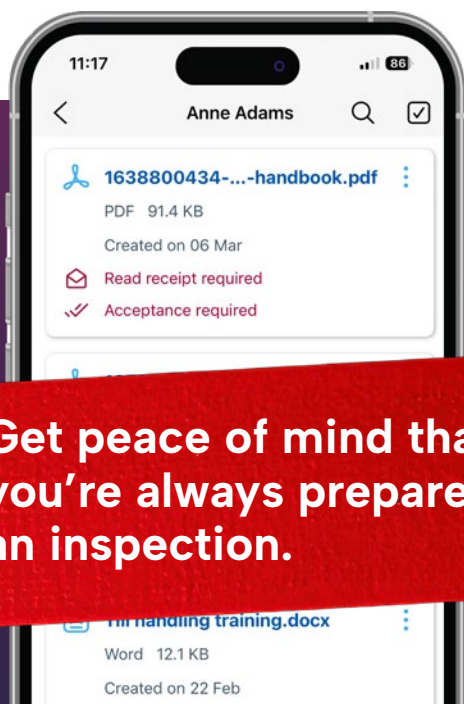
How BrightHR makes it simple

HR software

Provide evidence if your business is inspected. Keep centralised, secure records of payments, annual leave and sick pay. You'll also have a log of read and acceptance receipts on policies and procedures to prove you've complied.

Payroll

Integrated HR and payroll processes ensure you're in line with the law. Keep track of absences and working hours alongside timesheets and pay records.



Get peace of mind that you're always prepared for an inspection.



PLAN AHEAD: more changes coming soon

Once you're ready for the first wave of employment law reforms, start thinking ahead. Bigger changes are coming in **late 2026 and into 2027**, with reforms on employment tribunals, unfair dismissal rights and employer duties.

These tighten the rules even further.

Prepare your HR processes on these changes now to avoid a compounding wave of legal risks.

Employment tribunal time limits

 October 2026

What's changing?

Time limits for bringing most employment tribunal claims are set to be **extended to 6 months**.

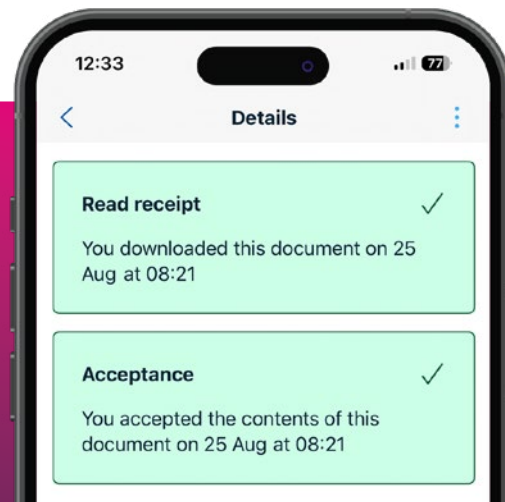
What you need to do

It comes down to this once again: **documentation**. Good records and policies are essential for defending claims.

Make sure you've got evidence to support your case should a tribunal come up later down the line.

What's the risk?

There's a longer period where decisions can be challenged, so your record keeping and processes need to match this.



How BrightHR makes it simple

Advice

Resolve issues internally before they escalate to a tribunal, with support from our 24/7 HR advice line.

If a tribunal comes up after you've followed our advice, we can represent you. **Plus, you're insured against the legal costs.**

HR software

Manage exit interviews, grievances, and disciplinary procedures transparently with documented templates.

Secure cloud-based logs help you **demonstrate decisions and outcomes are compliant.**

Stay confident in your processes and record-keeping long term.

New employer duties

 **October 2026**

What's changing?

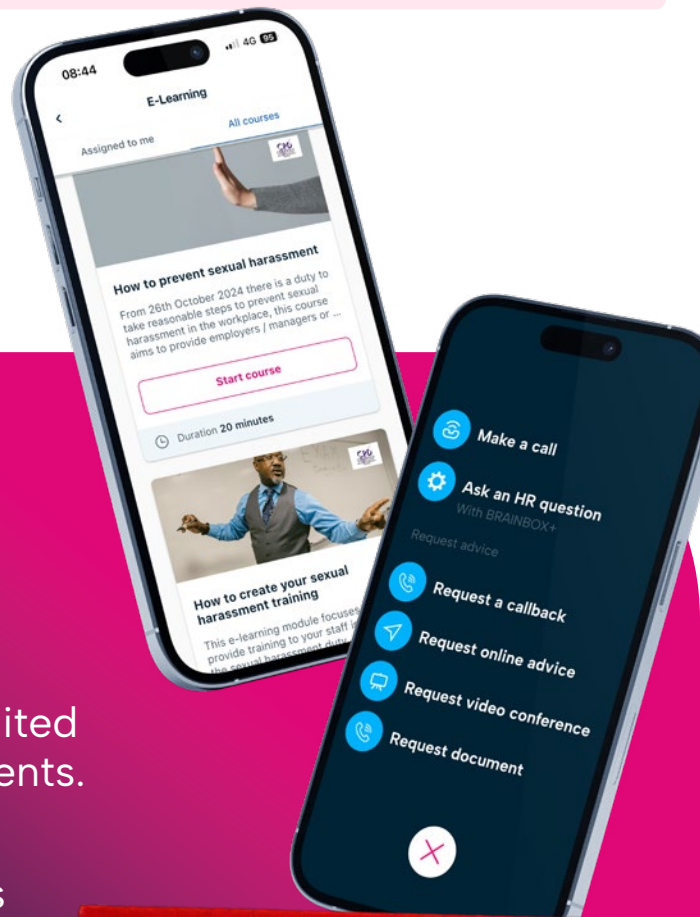
You'll face stricter duties to prevent harassment, **including from third parties** like customers or contractors.

What you need to do

Actively prevent harassment, not just react. Review and update harassment policies and contracts to set out acceptable behaviour from customers and third parties like contractors.

What's the risk?

Your business could be held liable for harassment from customers, clients or contractors if you don't prove you're being proactive.



How BrightHR makes it simple

Documentation

Set out reporting procedures that match new proactive responsibilities with unlimited access to our library of +300 HR documents.

HR software

Assign e-learning for staff and managers so they can recognise and respond to third-party harassment.

Advice

Get insured advice on investigating reports of harassment, as well as wording of NDAs, if you do have to use them.

Show that you're taking proactive measures to protect staff from harassment.

Unfair dismissal qualifying period

 January 2027

What's changing?

Employees gain rights to protection from unfair dismissal after **6 months' service**.

If you've **hired anyone since February 2025**, their protections will kick in too.

What you need to do

Set up strong onboarding and probation procedures within the six-month period.

For staff that have started **since February 2025**, now's the time to confirm that they're the right permanent addition to your team.

What's the risk?

You have less time to decide if a new hire is the right fit.

If you haven't done this by the six-month mark, you could be taken to tribunal.

How BrightHR makes it simple

HR software

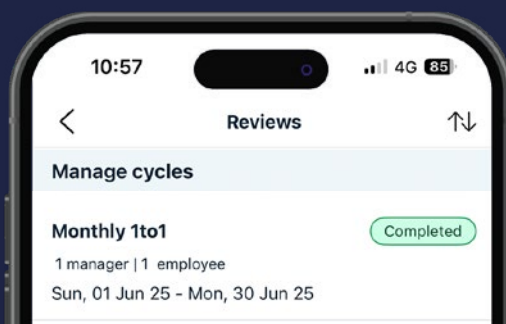
Support your hiring process with **documented onboarding**. You can assign e-learning and define performance review cycles as part of this.

Documentation

Keeping tight records on hiring and probation procedures will ensure you have evidence that you've followed procedure. Even if tribunal claims are brought up long after decisions were made.



Avoid wrongful dismissal claims by improving your hiring and onboarding processes.





Book a consultation with our
employment law experts
for detailed advice

brighthr.com →