HR & EMPLOYMENT LAW INSIDER: YOUR MONTHLY UPDATE

June 2026

HR Solutions

Contents

RECENT CHANGES:

THE DATA (USE AND ACCESS) ACT 2025

The Data (Use and Access) Act 2025 (DUAA) introduces a new legal obligation on employers in respect of data protection complaints. Complaints could include the way the company have responded to a subject access request, or other rights request, the security measures the company have used to store employee information or how the company have collected or used the personal information.

An employee is no longer encouraged to first complaint to the ICO, but rather to their employer.

The new legal duty requires:

- Providing workers with a clear and accessible means of submitting a data protection complaint
- Acknowledging a complaint within 30 days
- Investigate complaints and respond without undue delay, whilst keeping individuals informed throughout the process
- Notify the outcome without undue delay.

If the worker is not satisfied with the resolution, they can then escalate directly to the Information Commissioner Office (ICO), either via telephone 0303 123 1113, or via the live chat facility on the website.

This change comes into force 19 June 2026.

EHRC CODE OF PRACTICE FOR SERVICES, PUBLIC FUNCTIONS AND ASSOCIATIONS

In 2025, following the For Women Scotland court judgement, the Equality and Human Rights Commission revised its Code of Practice for services, public functions and associations. At the end of last month, this draft Code was laid to Parliament for approval, which must be within 40 days. If Parliament approves the Code, the EHRC will publish it on a date, set by the Government.

The Code will apply to England, Scotland and Wales, and covers discrimination, harassment and victimisation in services and public functions, in accordance with the Equality Act 2010. It is not directly employment related, **but** it could become relevant to certain employment scenarios depending on who ultimately is liable and under which part of the Equality Act.

For instance; during a work event at an external venue:

- **Liability of the Venue (third party interaction).** As a service provider or association, the chosen venue (e.g., a rented hotel or restaurant) is strictly bound by the Services Code. If they discriminate against a staff member, such as denying entry to a disabled employee due to poor access, they breach Part 3 of the Act. Crucially, with new third party harassment legislation coming into force in October 2026 alongside existing anti-harassment duties, businesses must leverage the Services Code to vet venues thoroughly and guarantee a safe, compliant environment for their teams. This must therefore form part of your risk assessment process.

ADDITIONAL YOUTH HUBS TO BE ROLLED OUT TO IMPROVE ACCESS TO EMPLOYMENT

Earlier this month, the Government announced the expansion of their Youth Hub scheme which supports young people accessing employment.

The Department for Work and Pensions (DWP) confirmed the specific locations for nearly 180 new Youth Hubs, which is part of a massive £2.5 billion nationwide expansion aimed at doubling the network to over 360 areas within the next three years. The goal is for there to be no young person that is more than an hour away from essential career and wrap-around support via public transport.

These new Youth Hubs are opening in spaces where young people already gather, including local libraries, colleges, community centres, and sports clubs. Rather than just focusing on basic job searches, the hubs offer integrated, ‘one-stop-shop’ support. They blend tailored career guidance and skills training with vital holistic resources, such as mental health support, housing advice, and financial guidance.

The Youth Hubs are designed to bridge the gap between 16 to 24 year olds and local businesses. By partnering with hubs, employers can directly share job openings and apprenticeship opportunities. Employers that are committed to community impact and are forward-thinking with their recruitment will see great opportunities for engaging with those that could become future employees.

Through the scheme, employers have the unique opportunity to collaborate with local hubs to design pre-employment training or sector based Work Academy Programmes (SWAPs), meaning employers can actively help shape the curriculum to match the precise skills of the business needs.

The hub encourages mentorship and provides employers with the opportunity for their employees to volunteer at local hubs, which not only elevates the employer brand, but provides rewarding development opportunities for your workforce.

Investing in the next generation isn't just about corporate social responsibility, it's a core business strategy. When you support young people early on, it ensures your brand is their first choice when they are ready to launch their careers in an inclusive, supportive workplace.

DO YOU OPERATE IN EU MEMBER STATES?

The EU Pay Transparency Directive came into force across EU member states earlier this month. It doesn’t directly impact UK based organisations, but some UK businesses that also operate in the EU are adopting it in the UK so to treat all employees, regardless of location, the same.

The Directive increases pay transparency and strengthen equal pay between women and men and will require EU member employers:

1. Informing job seekers about the starting salary
2. Provide employees, when requested, their own information on pay and average pay levels by gender, from across the company for those doing the same work, or work of a similar kind
3. Employers with at least 100 employees, to publish pay gap information showing differences between female and male workers
4. Conduct pay assessments where there is a pay gap of at least 5% that cannot be justified.

UK employers may wish to monitor this area of law because of how other companies are adopting it, and if so, could it have any impact on your ability to attract and retain staff? Also, the UK’s Employment Right Act 2025 will be introducing reform in areas of equality that will include mandating gender pay gap reporting and menopause action plans from 2027, as well as introduce statutory ethnicity pay gap reporting. These will accompany existing legal obligations we have in the UK around equal pay and equal pay audits.

FUTURE CHANGES

LEGISLATION – BY IMPLEMENTATION DATE

2026

29 June 2026 – Crime and Policing Act 2026

The Crime and Policing Act 2026 replaced the Economic and Crime and Corporate Transparency Act and in doing so, expands criminal liability by broadening the attribution test for all crime, to include the conduct of senior managers exercising significant decision-making authority.

August 2026 – Employment Rights Act 2025

Electronic and workplace balloting for Statutory Trade Union Ballots

October 2026 – Employment Rights Act 2025

- Establish the Fair Pay Agreement Adult Social Care Negotiating Body in England
- Tightening tipping law by requiring employers to consult with workers to ensure fair tip allocation
- Requiring employers to take 'all reasonable steps' to prevent sexual harassment of their employees
- New obligation on employers not to permit the harassment of their employees by third parties
- Introducing a power to enable regulations, that specify steps that are to be regarded as reasonable to determine whether an employer has taken all reasonable steps to prevent sexual harassment (the actual steps to specify what is to be regarded as reasonable is due in 2027)
- Introducing a new duty to inform workers of their right to join a trade union
- Strengthen trade unions' right of access
- Unfair practices in the trade union recognition process
- New rights and protections for trade union reps
- Extending protections against detriments for taking industrial action
- Two tier procurement

Not before October

Employment tribunal time limits extended from 3 months to 6 months

December 2026 – Amendment to the Seafarers Wages Act 2023

The Employment Rights Act 2025, section 56, scheme 5 strengthens workers' rights at sea in relation to wages, terms and conditions of employment or engagement and working conditions.

New regulatory framework to bar NHS managers for misconduct (mid-late 2026/early 2027)

Legislation to introduce a new regulatory framework for NHS managers is expected in 2026. The framework will establish a statutory barring system for board-level directors who commit serious misconduct, with new powers granted to the Health and Care Professions Council to disbar senior leaders. The regulations aim to prevent managers found guilty of misconduct from taking other NHS roles and include specific protections for whistleblowers.

Children's Wellbeing and Schools Act 2026

It is expected that this Act will be phased in over time, with potentially some changes coming in before the end of this academic year and the bulk of change in September.

2027

1 January 2027 - Employment Rights Act 2025

- 6-month qualifying service for ordinary unfair dismissal protection
- Removal of the compensatory cap.
- Dismissals connected to an employer seeking to vary an employee's contract, but the employee does not agree will be automatically unfair

January 2027 - Employment Rights Act 2025

- Gender pay gap and menopause action plans to become mandatory
- Enhanced dismissal protections for pregnant workers, and those on and returning from family leave
- Specifying steps that are to be regarded as 'reasonable', to determine whether an employer has taken all reasonable steps to prevent sexual harassment
- Updated rules relating to protections from blacklisting due to trade union membership or activity
- Industrial relations framework
- Changes to the threshold for when collective redundancy consultation applies
- Enhanced redundancy protections against dismissal or redundancy
- An employer's reason for refusing a flexible working request must be reasonable
- A new statutory entitlement to bereavement leave, including pregnancy loss
- The regulation of umbrella companies
- Right to guaranteed hours and the right to reasonable notice and short notice payments
- Electronic and workplace balloting for recognition and derecognition ballots
- Provision of information relating to outsourced workers, a requirement for private and voluntary sector employers with at least 250 employees in Great Britain, and public authorities, to publish information about the service providers that they contract with for outsourced services.
- Extends the scope of the Employment Agencies Act 1973 to cover other types of business, such as umbrella companies, that participate in arrangements under which people are supplied by their employer to work for other people or organisations.
- Non-disclosure agreements (NDAs) and confidentiality provisions in employment making void a contractual provision that purports to preclude a worker from making an allegation or disclosure about relevant harassment or discrimination (or an allegation or disclosure relating to the employer's response).

April 2027 - Mandatory Payrolling Benefits

From April 2027, all employers will be required to payroll benefits in kind. A P11D will still be required for the tax year 2025/26 and 2026/27, but from 2027/28 onwards, it will be mandatory for benefits to be payrolled. Until such time, it continues to be voluntary, and we expect draft legislation and guidance to be provided in due course. The Government have published a timeline in preparing for this change, available here.

Date to be confirmed (must be by June 2027) - The Terrorism (Protection of Premises) Act 2025 (Martyn's Law)

This Act received royal ascent on 3rd April 2025 however the regulator (Security Industry Authority - SIA) have said that there will be at least 24 months required in preparing for the law to come into force.

In the meantime, premises and events seeking advice on preparing for Martyn's Law should continue to look for Home Office updates. They can also access free technical guidance and operational advice on protective security on the government partner websites of the National Protective Security Authority and ProtectUK.

2028

6 April 2028 – Pension age increase
The new normal minimum pension age will become 67 years from 2028, following the amendment to Part 4 of the Finance Act 2004 (pension schemes etc).

LEGISLATION DATE UNKNOWN

Pensions (Extension of automatic enrolment) Act 2023 (date to be confirmed)
This legislation removes the current age requirements for eligible workers to be automatically enrolled into a workplace pension. The current minimum age is 22 years, but this will be reduced to 18 years. No date has been set for when this legislation comes into force.

Sunday trading – Protection for shop workers
The right of shop workers to opt out of working Sundays on religious or family grounds is to be extended to any 'additional' hours above their normal hours which they may normally be obliged to work if requested. The duty of employers to advise workers of these rights is also to be extended.

The Enterprise Act 2016 contains provisions to strengthen certain aspects of the protections given under the Employment Rights Act 1996 specific to shop and betting workers. This Act received Royal Assent, i.e. became law on 4 May 2016, but the provisions making the Sunday working amendments have not yet been brought into force.

In addition, the amendments to ERA 1996 envisaged the making of regulations as secondary legislation to fill in the detail of how the revised legislation would work, and that secondary legislation has not yet been published, although the power to make it is in force. With a change in Government since this came into force, the current government have not given any indication that it intends to enact this legislation and so we have no precise indication as to when these changes will take effect, or if they will ever come into force.

Children and Social Work Act 2017 Whistleblowing – Protection for children's social care applicants

Section 32 of the Children and Social Work Act 2017 when it commences will allow the Employment Rights Act of 1996, s 49C to enable the introduction of regulations that prohibit relevant employers from discriminating against an applicant for a children's social care position because it appears that they have made a protected disclosure. At this time, draft regulations are yet to be published.

KEY EMPLOYMENT BILLS PROGRESSING THROUGH PARLIAMENT

Bullying and Respect at Work Bill
This private members Bill if passed, would introduce a statutory definition of bullying at work. In addition, it would make a provision relating to bullying at work that includes enabling claims relating to workplace bullying to be considered by an employment tribunal. It would also introduce a Respect at Work Code that would set minimum standards for positive and respectful work environments and give powers to the Equality and Human Rights Commission to investigate workplaces and organisations where there is evidence of a culture of, or multiple incidents of, bullying and to take enforcement action. The Bill had its first reading in the House of Commons on 21 October 2024 and the date of the second reading is due to be announced.

Company Directors (Duties) Bill
If passed, this Private Members' Bill, would amend section 172 of the Companies Act 2006 to require company directors to balance their duty to promote the success of the company with duties in respect of the environment and the company's employees. It is early in the process and currently waiting a date for the next stage which is its second reading.

The Domestic Abuse (Safe Leave) Bill
This Bill proposes to provide employees who are victims of domestic abuse with up to 10 days paid leave each year to support in dealing with the many challenges experienced when trying to leave the relationship. This is currently at the 2nd reading stage in the House of Commons and we are awaiting confirmation of when this will take place.

Equality (Race and Disability) Bill
We know through the Employment Rights Bill, that the Government are seeking to reform areas of equality relating to race and disability. A standalone Bill is expected to be launched following a period of public consultation, in which it will lead to:

- Introducing mandatory ethnicity and disability pay gap reporting, modelled on the existing gender pay gap framework.
- Extending equal pay rights to ethnic minority and disabled workers, allowing claims on contractual equal pay grounds.
- Potential establishment of a specialist enforcement or regulatory body to oversee compliance and coordinate action plans.

In the recent King's speech however, there was no mention of this Bill, so it is unclear of the next steps at this stage.

CONSULTATION AND GUIDANCE

CONSULTATIONS

NEW OPEN CONSULTATIONS

Since last month's newsletter, the following public consultations have been published:

Title	Purpose	How to participate	Deadline
Time off for public duties	This consultation seeks views on the practical operation of existing rights to time off for public duties. It will also seek views on proposed changes to the current list of public duties currently in scope.	Online Email	4/9/26
Make Work Pay: Employment rights for unpaid carers and parents of seriously ill children	The Government are seeking views on existing employment rights available to people with unpaid caring responsibilities and parents who have a seriously ill child.	Online Email	1/9/26
Make Work Pay: Ending one-sided flexibility – reforms of zero hours and similar contracts	This consultation is seeking views on reforms to zero hour and similar contracts that are to come into force through the Employment Rights Act 2025.	Online Email	25/8/26
Tribunal procedure committee: Possible amendments to the costs/expenses rules	Views are being sought on proposed changes to the rules relating to when and how costs may be awarded in Employment Tribunals.	Email	29/7/26
Strengthening seafarer protections	This consultation relates to reforms to seafarer protections for workers employed on routes between the UK and France and the Channel Islands. The aim is to strengthen pay and safe working protections on international services calling at UK ports.	Online Email	17/6/26

EXISTING OPEN CONSULTATIONS

The following consultations remain open and are currently being analysed.

Title	Purpose	How to participate	Deadline
Make Work Pay: Misuse of non-disclosure agreements (NDAs)	This consultation seeks views on the Governments proposal to ban non-disclosure agreements that prevent speaking out on workplace harassment and discrimination.	Online Email	8/7/26
Women and Equalities Committee Inquiry: Equality at work: Flexible working and disability	The Women and Equalities Committee has opened a call for evidence as part of their examination of disabled workers' and jobseekers' access to flexible working arrangements.	Online	26/6/26
Low pay commission consultation 2026	Each year, the Low Pay Commission (LPC) recommend to the Government the national minimum pay rates for introduction the following April (National Minimum Wage, National Living Wage). As part of this process, the LPC are seeking evidence via a public consultation to help inform their research and ultimately what is recommended for 2027/28.	Online Email	26/6/26
Make Work Pay: Transfer of Undertakings (Protection of Employment) Regulations	The Government have opened a public call for evidence on the 2014 Transfer of Undertakings (Protection of Employment) (TUPE) Regulations. It is seeking to strengthen existing rights and protections for employees subject to TUPE processes while simultaneously improving the efficiency of the regulations for businesses.	Online Email	1/7/26

CLOSED CONSULTATIONS: RESPONSES BEING ANALYSED

KEY CONSULTATIONS WAITING FORMAL RESPONSE.

The following consultations are now closed. The relevant authorities are currently analysing the responses and will issue formal updates on next steps shortly. These findings will inform the development of future regulations and updated Codes of Practice.

- Artificial Intelligence, business and the future of the workforce
- Extending the Right to Work Scheme
- Fair Pay Agreement process in adult social care

- Information commissioner – Consultation on the draft guidance about automated decision making, including profiling
- Information commissioner – Consultation on draft complaints guidance for organisations
- Information commissioner – Consultation on draft recognised legitimate interest guidance
- Make Work Pay:
    - Call for evidence on unpaid internships
    - Draft Code of Practice on Electronic and Workplace Balloting for Statutory Union Ballots
    - Duty to inform workers of right to join a union
    - Enhanced dismissal protections for pregnant women and new mothers
    - Fire and rehire – changes to expenses, benefits and shift patterns
    - Improving access to flexible working
    - Leave for bereavement including pregnancy loss.
    - Modernising the agency work regulatory framework
    - Strengthening the law on tipping
    - Threshold for triggering collective redundancy
    - Trade Union Recognition code of practice and e-balloting unfair practices
    - Trade Union Right of Access
- Acas Consultation on draft Code of Practice on time off for trade union duties and activities
- Migration Advisory Committee launches stage 2 Review of Temporary Shortage List
- Parental leave and pay review - call for evidence
- Welsh Government: Draft disabled people's rights plan 225 to 2035
- Work and Pensions Inquiry: Employment support for disabled people
- Working in the UK - earned Settlement
- Working paper on options for reform of non-compete clauses in employment contracts.
- Draft Code of Practice on the Right of Trade Unions to access workplaces

GUIDANCE:

POLICY PAPER: SUMMARY OF STAKEHOLDER ROUNDTABLES ON UNFAIR DISMISSAL CHANGES

In advance of the new unfair dismissal rules, the Department for Business and Trade (DBT) held stakeholder round tables with groups representing employers and employees from public and private sector and held specific sessions for the technology, finance, and professional services industries.

The purpose was to gather views on the impact of the changes and what steps might support the implementation. You can read the full report here, however, we have provided an overview below.

- **Executive Roles:** Employers expressed concern that removing the compensation cap might influence hiring decisions and business operations in the UK, particularly regarding highly paid and executive roles. Participants requested specific guidance on managing performance and dismissals for these positions.

- **Award Calculations:** While stakeholders understood that the method for calculating awards would not change, they sought further clarity and guidance to help tribunals and businesses understand the impact of removing the cap.

- **Tribunal capacity:** There is significant concern regarding the potential for these changes to increase the burden on the employment tribunal system. Participants emphasised the need for reforms to the dispute resolution system to ensure it remains resilient.

Two primary actions were agreed at the end of this process by the DBT:

1. **Practical guidance:** The DBT will publish guidance for both employers and employees to help them navigate the practical implications of the law.

2. **System reform:** A Dispute Resolution System Taskforce has been established by the DBT and the Ministry of Justice to develop long-term reforms aimed at making the tribunal system more efficient.

EMPLOYMENT TRIBUNAL GUIDANCE – REMOTE PARTICIPATION

This new publication is directed at those who have responsibilities working with the UK court systems, or are involved in litigation, either as a law professional or employer.

This new guidance clarifies the approach to how hearings are held, and the management of tribunal documents.

You can read it here.

CASE RULINGS

SUCCESSFUL VICTIMISATION CLAIMANT AWARDED £234,000

Overview

This case review examines a remedy judgment in the case of Miss S Khan MBE v Blue Stockings (UK) Limited.

Following a successful claim for victimisation and wrongful dismissal, the Employment Tribunal ordered the employer to pay a substantial sum over £234,000, highlighting how a single act of discriminatory dismissal can lead to massive financial liabilities for a business.

What happened?

Miss Khan, a professional working in production safety within the film industry, was promoted to Health and Safety Manager. Even though she was a manager, she operated more like a Head of Department.

Blue Stockings also recruited a H&S Advisor, Mr Bond, following an assessment by the HSE, to which Miss Khan made a complaint about his appointment saying she was “uncomfortable that a white man was coming in above her”.

Mr Bond then filed a harassment complaint alleging Miss Khan had used highly offensive and racial language towards him. This resulted in a disciplinary hearing for Miss Khan, which ultimately led to her dismissal without notice, despite her contract entitling her to one weeks’ notice in this situation.

However, during the hearing, she alleged that she herself had faced discrimination because Mr Bond had received a pay rise and she had not, claiming the difference being that she was a woman of colour.

Employment Tribunal

Miss Khan brought several claims, including race and sex discrimination, and whistleblowing, but these were dismissed by the court.

However, the Tribunal found that her dismissal was an act of victimisation under the Equality Act 2010 as there had been no legitimate, or non-discriminatory reason (such as poor performance) for her removal from the business.

The Tribunal ruled in favour of Miss Khan victimisation and wrongful dismissal, ordering a payout of £234,112.66. The reasoning included:

- Wrongful Dismissal: The employer breached the contract by failing to provide or pay for the one week notice period.
- Victimisation: The Tribunal concluded the respondent had decided to remove Miss Khan for discriminatory reasons rather than performance. They found that had it not been for the victimisation, she would have completed her fixed-term contract.
- Injury to Feelings: Miss Khan was also awarded £15,000 with the Tribunal noting that the dismissal derailed her from a career she had embarked upon with high hopes, leading to a significant deterioration in her psychological wellbeing.
- Loss of earnings: The award included £36,142 for the remainder of her contract and an additional £70,500 for the loss of subsequent work she likely would have secured in the industry.
- Tax "grossing up": Because the total award far exceeded the £30,000 tax-free limit, the Tribunal added an extra £81,645 to the award to ensure the claimant received the intended net amount after paying her taxes.

Employer guidance:

1. If an employee has raised concerns that qualify as "protected act" under the Equality Act, dismissing them shortly after without a clear, documented, non-discriminatory reason (like redundancy or proven gross misconduct) is a high-risk move that often leads to victimisation claims.
2. In this case, the Tribunal found no reason for the Miss Khan to be dismissed regarding her performance. If you intend to dismiss for performance, you must have a clear paper trail of warnings and improvement plans.
3. Unless you can prove gross misconduct, always pay the contractual notice period. Failing to do so is a straightforward wrongful dismissal that adds unnecessary legal costs.
4. Employers can successfully limit loss of earnings claims by providing expert evidence on industry norms. Here, the respondent used an expert witness to prove that the claimant's future salary expectations were unrealistic, which helped prevent an even higher payout.
5. Be aware that if a dismissal is found to be discriminatory, the financial award will be higher if it can be shown that the dismissal derailed the employee's career trajectory in their specific field.

HOW DO PHI BENEFITS INTERACT WITH AN ILL HEALTH CAPABILITY DISMISSAL?

The case McMahon v AXA Health Services Ltd examined the legal interaction between an employment contract promising long term disability pay through a permanent health insurance scheme (PHI) and terminating the contract on ill health grounds.

What happened

Ms. Carol McMahon had a contract that included a PHI scheme, meaning if she was unable to work due to illness for more than 26 weeks, the scheme promised to pay her 75% of her normal earnings until she recovered or reached age 65. However, despite becoming eligible for it in 2011, AXA failed to pay it as they had failed, due to an administrative error, to secure the required insurance policy.

Fast forward to 2013 and Ms McMahon was dismissed due to her long-term absence from work. She raised a claim arguing that the failure to pay the PHI was an unauthorised deduction from wages that should have continued post dismissal.

The ruling

The Court of Session (the high court in Scotland) ruled in favour of Ms. McMahon, allowing her to pursue a claim for these payments as ‘wages’ from the date she became ill up to the present day. This ruling was based on:

- The court distinguished between ‘core’ duties (the daily relationship of working for pay) and ‘collateral’ duties (like an insurance promise). While the working relationship ended, the contractual promise to provide disability pay did not.
- Following a similar logic used in a recent Supreme Court case involving Tesco, the court found there is an implied term that prevents an employer from firing someone just to avoid paying promised benefit. Because the illness itself triggered the pay, the employer could not use that same illness as a reason to stop the pay.
- Wages are defined very broadly in the Employment Rights Act 1996. The court ruled that PHI counted as ‘wages’ even though Ms McMahon was not doing any work, because they are payments ‘in connection with’ her employment.

Guidance

Be extremely cautious when dismissing an employee on long-term sick leave if their contract includes salary protection or PHI benefits. The company may remain liable for those payments for years, even after the employment relationship is officially over.

This entire dispute arose because of an administrative error where the employer failed to buy the insurance policy they promised in the contract. If you promise a benefit in a contract, the company is the ‘insurer of last resort’ and must pay out of its own pocket if the external insurance fails.

Remember that under UK law, wages are not just pay for hours worked; they include contractual emoluments and benefits that form during employment.

If an employee is eligible for PHI, using their inability to work as the sole reason for dismissal is legally risky, as it can be seen as an invalid attempt to obstruct their contractual rights.

PAYROLL

UNLAWFUL DEDUCTION OF WAGES

Section 13 of the Employment Rights Act 1996 makes the unauthorised deductions from wages unlawful. Unless circumstances meet the limited exceptions set out in the law (employer is authorised to do it by law, the employer has been authorised by the worker before the deduction, the deduction is the reimbursement for the overpayment of wages, or where the worker has participated in industrial action).

Typically, most claims at tribunal arise due to the non-payment of holiday, mainly where an individual's employment status has been incorrectly determined (Uber BV v Aslam for example were viewed as self employed by Uber, but in reality, the way in which they worked aligned more to worker status and therefore, they earnt paid annual leave).

Interestingly, current figures reveal that claims for unpaid wages have reached their highest level at £57 million (research carried out by law firm Nockolds). This amount was paid out for arrears of pay for the period 2025-26.

A further £29 million was paid to cover pension entitlements.

This information was gathered from the Insolvency Service, which paid out a total of £472 million in the last twelve months, £242m of this was attributed to redundancy.

IR35 OFF PAYROLL WORKING

IR35, the term for 'off-payroll working' rules apply if the worker provides services through an intermediary but would be classed as an employee if they were contracted directly.

An intermediary can be a worker's personal service company (PSC), a partnership, a managed service company or an individual.

Since April 2021 all medium and large private sector organisations have been responsible for deciding the status of these workers and whether the off-payroll rules apply. For those working in small companies in the private sector, the worker's intermediary is responsible in deciding the employment status and whether the IR35 rules apply.

Employment status for tax purposes is different to that which is used for employment rights and protections are different.

If you need guidance for the purpose for employment rights, you can read our 'employment status' article. For tax purposes however, we advise you seek specific tax advice and refer to the Government Guidance on IR35.

APRIL 2027: MANDATORY PAYROLLING BENEFITS

It has been confirmed that the mandating of Payrolling Benefits in Kind (BIK), will be phased in gradually from April 2027.

Mandating payrolling of BIK is the inclusion of the estimated value of non-cash employee benefits directly in the regular payroll instead of reporting separately on an annual P11D form. Until such time, it continues to be voluntary, and we expect draft legislation and guidance to be provided in due course.

HEALTH AND SAFETY

SEASONAL AND TEMPORARY WORK

With the Summer now upon us, the number of seasonal and temporary workers in employment significantly increases. This is an opportune moment to emphasise the importance of protecting the health and safety of workers in the gig economy, as well as agency and temporary workers.

Workers are just as likely to have an accident in the first six months of a new job as they are during the entire rest of their working lives. This increased risk can be attributed to several factors, such as:

- Unfamiliarity with the duties and environment
- Lack of experience and awareness of personal responsibilities
- Desire to impress the new employer and reluctance to raise concerns
- Insufficient understanding or training on equipment and procedures

Consequently, new or young workers may not recognise hazards that more experienced employees would notice, they may overlook or not remember instructions and important information, and they miss things that seem obvious to others. Therefore, employers must ensure that they are taking steps to adequately protect all new seasonal and temporary workers, including those who may have worked with them previously. The HSE provide advice on this subject here.

OUTDOOR WORKERS AND SUN EXPOSURE

As we head into the summer months, rising temperatures and sun exposure can present health risks to those who work outdoors. Typical professions at risk include construction, agriculture, gardeners and facilities teams and service workers.

Short term exposure can lead to sun burn, dehydration, fatigue, exhaustion and heat stress. The most serious effect of long-term exposure is an increased chance of developing skin cancer.

As an employer you must consider the risks from high temperatures and weather conditions and take steps to mitigate or reduce the risk to as low a level as reasonably practicable. Take the time to reflect on your existing risk assessments and ensure that you have appropriate controls in place to protect workers.

Consider:

- Rescheduling work to cooler times of the day
- Provide more frequent rest breaks and introduce shading to rest areas
- Provide free access to cool drinking water
- Introduce shading in areas where people are working
- Encourage workers to remove PPE t when resting to help encourage heat loss
- Make sure workers can recognise the early symptoms of heat stress and skin cancer
- Provide SPF for outdoor workers, and/ or hats where appropriate.

ROBOTICS IN THE WORKPLACE?

The HSE have announced that they are working with both the Government’s Regulatory Innovation Office (RIO) and industry to support the safe and responsible adoption of robotics in the workplace.

The project, aimed at helping businesses to increase the use of robotics will give companies clarity on regulatory requirements and how collaborative robots (also known as cobots) can work safely alongside humans.

HSE will work in collaboration with Automate UK and the Manufacturing Technology Centre (MTC).

INTERESTING HR STATISTICS

WHAT DO THE LATEST EMPLOYMENT TRIBUNAL STATISTICS TELL US?

The latest Tribunal Statistics Quarterly (January to March 2026) have been published offering insights into the current state of employment claims in the UK.

Overview - a growing backlog

The overall tribunal system is facing a significant increase in its workload. For the 2025/26 financial year, the interim total for new cases increased by 11%, reaching its highest level since 2017/18. Because new cases are arriving faster than they are being resolved (disposals only rose by 4%), the total open caseload has jumped by 16% to 860,000 cases.

Employment Tribunal (ET) Trends

Employers should take note of the diverging trends between single and multiple claims:

- **Single claims are surging:** In 2025/26, receipts for single ET claims increased by 39%. In the most recent quarter (January to March 2026) alone, single claims were up 50% compared to the same period the previous year.
- **Massive open caseload:** The open caseload for single claims has increased by 55% over the last year, now standing at 64,000 cases. If including multiple claims, the total open ET caseload at the end of March 2026 reached 531,000.
- **The top three complaints:** More than half (52%) of all jurisdictional complaints in the last quarter fell into just three categories:
    1. **Unfair dismissal:** 23% of all receipts.
    2. **Disability discrimination:** 16% of all receipts.
    3. **Unauthorised Deductions (formerly Wages Act):** 13% of all receipts.

Speed of resolution

For those cases that do reach a conclusion, the wait times are increasing. Across the Employment Tribunal, Social Security, and Immigration courts, the average case length has increased between 2024/25 and 2025/26.

Gender Recognition Certificates (GRC)

There continues to be a rise in Gender Recognition Panel applications:

- **Annual growth:** Applications for GRCs increased by 27% in 2025/26. This long-term rise is attributed to the 2021 reduction in application fees (from £140 to £5) and the 2022 move to an online process.
- **Success rate:** Of the applications closed in the last quarter, 86% were granted a full GRC.
- **Demographics:** Of the 450 full certificates granted between January and March 2026, 56% of individuals were registered male at birth and 44% were registered female at birth.

RESEARCH INDICATES 33% OF EMPLOYERS COULD MAKE REDUNDANCIES BEFORE REDUNDANCY RULES CHANGE

This month, Acas has reported that 33% of polled employers revealed they anticipated making redundancies by January 2027. This is significant because not only is the law changing in January on unfair dismissal, but we will also see changes to the law on redundancy collective consultation obligations in the Spring.

Their research found that of those employers anticipating redundancies, 46% were large businesses (more than 249 employees) and 21% were small and medium businesses (employ between 1 to 249 employees).

If your business is considering redundancies this year, then we have plenty of helpful guides, articles and templates for you to use. We also have extensive information about the forthcoming changes to redundancy rules, based on the information we have available at this time.

WHAT HR LEADERS TOLD US - KEY FINDINGS FROM OUR EMPLOYMENT RIGHTS ACT WEBINAR SERIES

Over recent months, HR professionals and business leaders joined our webinars on the Employment Rights Act 2025, focusing on trade union reforms, probationary changes, and fire and rehire. Our live polls revealed a striking trend, that while businesses know major change is coming, most are unprepared and adopting a "wait and see" approach.

This hesitation stems from a shifting reality. For years, employers have relied on the two-year unfair dismissal qualifying period, informal contract flexibility, and the assumption that unions were irrelevant to them. The 2025 Act changes this meaning passive waiting is no longer a viable strategy.

Here is further analysis of each session:

Probation periods

While 93% of businesses operate a probationary period (typically six months), very few rate their process as very effective at catching poor hires. Line managers rarely maintain consistent documentation, usually only keeping records when major performance issues arise. Consequently, many employers have quietly relied on the two-year unfair dismissal qualifying period as their true safety net.

That strategy becomes untenable on 1 January 2027, when the qualifying period drops to just six months.

We have found that this legal shift is fundamentally altering recruitment strategies:

- 70% of businesses plan to become significantly more risk-averse in who they hire.
- A notable cohort will pivot to expensive professional headhunting, heavier vetting, increased agency staff, or direct headcount reductions to minimise exposure.
- Only 20% believe their current recruitment is robust enough to require no change.

This data signals an alarming trend, especially for smaller businesses. Instead of dynamically managing staff performance once in post, employers are attempting to entirely de-risk the employment relationship from the outset.

Trade union reforms

Data reveals a stark reality, in that businesses are largely unprepared for the impending October 2026 trade union reforms. A striking 70% of respondents feel not at all or not very prepared and 60% have taken no action to update workplace policies or develop working practices.

This anxiety is particularly acute for previously non-unionised organisations. 52% have zero experience with unions but now expect it to occur, while another 13% anticipate a significant increase in existing union engagement.

72% of respondents said they would introduce new engagement tools as a strategy for driving employee engagement and enhance employee / employer communications. The most popular choices included:

- employee communication forums
- feedback suggestion schemes and
- engagement surveys

These are all reflective of a desire to build direct channels with the workforce that might reduce the conditions in which union organising takes root.

Fire and rehire

When it comes to the new restrictions on dismissal and re-engagement (fire and rehire), preparation is remarkably low. Only a tiny fraction of employers described themselves as extremely confident or have already updated their policies.

The data paints a clear picture in that the vast majority of businesses have never actually used a fire and rehire strategy. However, a meaningful minority of larger, more complex organisations are either currently considering contract changes or have utilised the practice in recent years. The overarching sentiment is not resentment over past practices being banned, but rather an anxiety about losing future operational flexibility.

For those facing contract renegotiations, the biggest hurdles under the new framework are operational and evidentiary:

- Proving Financial Necessity: The new legislation effectively requires employers to meet a strict financial threshold to justify dismissal and re-engagement. Proving this level of necessity is cited as a major compliance challenge.
- Training Managers on Informal Variations: Businesses fear that line managers, accustomed to informal or verbal agreements, will inadvertently expose the company to legal risk by altering contract terms without following the strict new statutory processes.
- Maintaining Business Agility: Finding legally compliant, alternative mechanisms to restructure or adapt workforce terms quickly when business needs require.

Despite widespread uncertainty about how to navigate these changes, there is clear consensus on the solution. Almost all respondents agree that conducting a comprehensive audit of existing terms and conditions is the essential first step to understanding their exposure.

However, a major readiness gap remains with most organisations admitting they had not begun this auditing process.

Conclusion

Our analysis highlights a critical vulnerability across all surveyed businesses, which is that not enough attention is given to operational capability, thus creating a gap that leaves employers highly exposed to legal and financial risk.

Ultimately, the success of these reforms hinge on the line manager. Implementing the new legislation is not just a paperwork exercise; it is a test of how effectively an organisation embeds robust HR practices into its day-to-day management culture. To mitigate risk, businesses must focus on practical, frontline empowerment.

If you want to hear our discussions from this ERA Webinar Series, you can watch back on demand, and access a copy of the slides:

- The new unfair dismissal era – what employers must know
- Probation in practice – what employers must do to stay compliant
- Navigating Trade Unions – practical guide for all employers
- The end of fire and rehire – navigating restricted variations

EQUALITY, DIVERSITY AND INCLUSION

WOULD YOU LIKE TO PARTICIPATE IN RESEARCH THAT AIMS TO STRENGTHEN WORKPLACE INCLUSION?

What does 'being an inclusive workplace' mean to you? How do you know that your business is inclusive? What practical measures do you adopt to help build inclusivity for those with disabilities? These are all important questions and ones the Department for Work and Pensions (DWP) are keen to hear.

The DWP are inviting employers to share how health and disability inclusion is supported in their workplace and are particularly keen to hear how employers balance the needs of the business with employee wellbeing. This research is part of the goal of developing a practical framework that improves opportunities for workers with disabilities.

If you are keen to participate, the contact at DWP is Susan Yarde, her email is susan.yarde1@dwp.gov.uk.

HARASSMENT LAWS ARE CHANGING – IS YOUR BUSINESS READY?

Has your business started planning for the forthcoming law change on workplace harassment?

From October there will be a new legal protection for workers who are harassed by third parties.

There will also be a change to the legal duties an employer has in respect of prevention of sexual harassment. Whereas the recently introduced Worker Protection Act 2023 has required employers to take reasonable steps, the Employment Rights Act 2025 widens this legal duty to 'all reasonable steps'.

Both in respect of preventing third party harassment and sexual harassment, an employer's legal duty will be 'anticipatory' ; meaning you must not wait for a complaint to occur before acting.

We are currently revising our existing risk assessment as this is the most critical tool in prevention, but not the only tool. Employers will need to refresh and roll out EDI training, ensuring it is tailored to the audience: managers, employees.

With third party harassment becoming a new legal avenue for claims, employers must also consider how they take preventative steps with the third parties their workers interact with.