

EMPLOYMENT RIGHTS ACT 2025 BRIEFING

JULY 2026

HOSPITALITY

Hospitality sits at the sharp end of the Employment Rights Act 2025 (ERA). Large casual workforces, high staff turnover, customer-facing roles, and limited HR infrastructure combine to create some of the highest exposure of any sector.



EMPLOYMENT RIGHTS ACT | HOSPITALITY

Five key areas and changes under the ERA that your business needs to be aware of and prepared for:

THE CHANGE AND WHEN?	WHAT THIS MEANS FOR YOUR BUSINESS	RECOMMENDED ACTIONS
STATUTORY SICK PAY (SSP) FROM DAY-ONE, NO WAITING DAYS FROM APRIL 2026	SSP is now payable from day one of sickness with no waiting days, and the lower earnings limit has been abolished. In a sector with high absence rates and many low-paid workers, this increases the SSP bill materially and creates a compliance risk if policies and contracts still reference three waiting days.	• Update your sickness absence policy and contracts immediately. • Remove all references to waiting days. • Review absence triggers and return-to-work procedures. • Model the cost impact of day-one SSP across your workforce.
EXTENSION TO EMPLOYMENT TRIBUNAL TIME LIMITS FROM OCTOBER 2026	The time limit for bringing most Employment Tribunal claims will double from three to six months from the date of dismissal or act complained of. This extension will apply to claims for unfair dismissal, whistleblowing and discrimination. In our experience, employers are already facing a Tribunal system under real strain, with increasing claim volumes and substantial backlogs. Extending the time limit to 6 months is likely to prolong litigation risk even further – claims may arrive later, take longer to resolve, and be more fully prepared by the time they are issued.	• Review document retention processes to ensure key HR and operational records are retained for longer. • Preserve evidence early, including witness statements from decision makers, relevant documents and records supporting key employment decisions. • Train managers on effective record keeping. • Build the extended 6-month claim period into your risk management.
THIRD-PARTY HARASSMENT FROM 30 OCTOBER 2026	Hospitality staff are some of the most likely to be exposed to abusive behaviour or harassment from customers and other third parties. The ERA reinstates employer liability for third-party harassment with a compensation uplift of up to 25% where the employer has failed to take 'all reasonable steps'. A generic anti-harassment policy is unlikely to be sufficient.	• Conduct a harassment risk assessment specific to customer-facing roles. • Update your policy to cover third-party conduct and harassment explicitly. • Train staff and managers on de-escalation and reporting. • Document the steps taken – this is your evidence of 'all reasonable steps'. • Consider regular focus groups involving front line staff to help identify risk situations and assist in finding best practices for dealing with them and to demonstrate awareness of evolving threats.
REDUCED UNFAIR DISMISSAL QUALIFYING PERIOD AND UNCAPPED AWARDS FROM 1 JANUARY 2027	The qualifying period for unfair dismissal is being reduced from two years to six months. In a sector where staff turnover is high and informal approaches to letting people go are common, this dramatically increases the number of employees who can bring a claim and the importance of good process from a much earlier stage. Compensatory awards are now uncapped.	• Implement a structured probationary and performance management process that produces a defensible record within the first six months. • Train managers on fair dismissal procedures. Review disciplinary and capability processes to withstand tribunal scrutiny. • For anyone who is going to have six months' service by 1 January 2027, consider scheduling a robust probationary review to take place by the end of November/early December 2026. If such staff are unlikely to make the grade, consider termination at that point.
GUARANTEED HOURS FOR ZERO-HOURS AND CASUAL WORKERS FROM 2027	Workers on zero-hours, or variable-hours contracts will soon be entitled to guaranteed hours based on actual working patterns. New shift-notice rules require adequate notice and compensation for late cancellations.	• Audit your casual and zero-hours workforce. • Identify actual working patterns. • Redesign contracts to comply with guaranteed-hours rules. • Implement new rostering procedures and train managers on shift-notice obligations.

FIND OUT MORE

THE COST OF INACTION

- A hospitality business with a large casual workforce, outdated contracts and no structured performance process faces significant exposure.
- With the qualifying period for unfair dismissal reduced to six months and compensation becoming uncapped, claims will be easier to bring and far more valuable.
- With these changes, a single claim can exceed the cost of a full compliance programme—before factoring in the risk of multiple claims linked to working patterns or hours.

Action - acting now to update your contracts, policies and processes is more cost effective than the risk of defending claims in the future.

ARE YOU READY?

Gordons' Employment Team offers focused ERA audits and compliance reviews for hospitality businesses. A short initial discussion with us can help identify the key employment risks and priority areas for your organisation.

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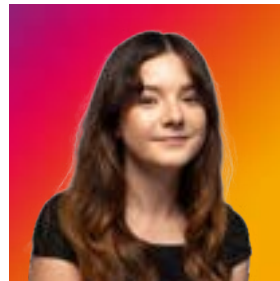
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