

ERB RESEARCH THE COMPLIANCE CLIFF EDGE

Findings reveal the risk and readiness
for the Employment Rights Bill

CONTENTS

COMPLACENCY OR CONFIDENT READINESS?	03	IMPROVED EMPLOYEE EXPERIENCE AND CULTURE	10
A LACK OF STRATEGIC PREPAREDNESS	04	THE DRIVERS OF RISING ER CASES	10
THE TRIBUNAL RISK	05	THE AI FACTOR	12
EMPLOYEE RELATIONS TRANSFORMATION	06	MORE RIGHTS, MORE RISK AND MORE WORK	13
THE INVESTMENT GAP	06	OUTDATED OPERATING MODELS	13
THE MANAGER CAPABILITY AND BUDGET BARRIER	07	A NEW ERA OF MANAGER EMPOWERMENT	14
THE STRATEGIC IMPERATIVE	08	TIME TO TRANSFORM	15
OPERATIONAL EFFICIENCY AND PROACTIVE PEOPLE MANAGEMENT	09		



NAVIGATING THE NEW ERB ERA

In Q4 of 2025, a survey of 210 HR leaders, in corporate organisations with over 500 employees, was commissioned by Empowering People Group to understand the perception of and preparedness for the Employment Rights Bill (ERB).

This research provides a fascinating, if sometimes contradictory, look at how HR leaders in enterprise organisations are preparing for the new era of employment rights in the UK. While the headlines suggest a sense of preparedness, a deeper dive into the data uncovers significant underlying fault lines - particularly concerning managerial capability and the strategic under-budgeting for Employee Relations (ER) transformation.



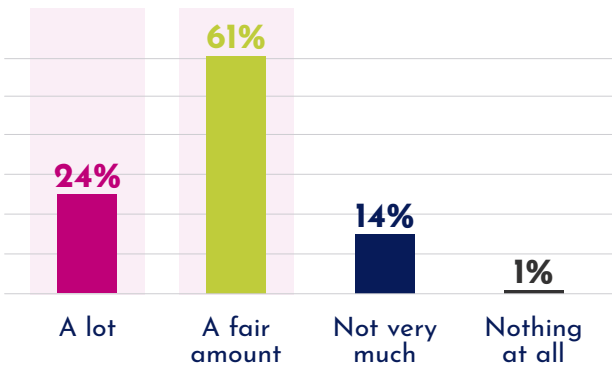
COMPLACENCY OR CONFIDENT READINESS?

The first data point in the research on the Employment Rights Bill presents a positive picture that might initially challenge the narrative of panic we've seen in the press and in Parliamentary debate.

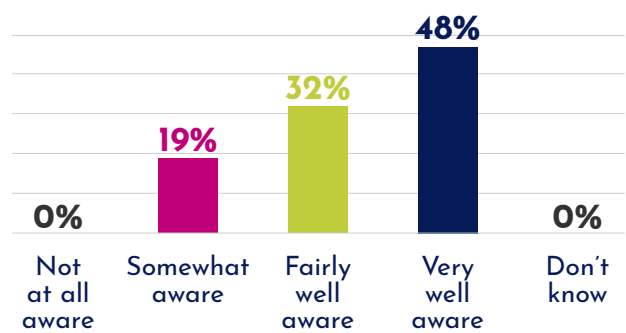
It will come as no surprise, that most HR leaders (85%) know “a lot” or “a fair amount” about the upcoming legislation, as there has been significant media coverage of what has been described as a ‘terrible Bill’ and ‘half-baked’. So, it’s reassuring to see that the research demonstrates good awareness of the legal obligations to come.

Yet awareness within wider HR teams is less marked, with almost 1 in 5 (19%) citing that their teams are not well aware of the potential impact, so more work needs to be done to prepare every level of HR for the increased workload the new Act will bring.

HOW MUCH, IF ANYTHING, DO YOU KNOW ABOUT THE EMPLOYMENT RIGHTS BILL?

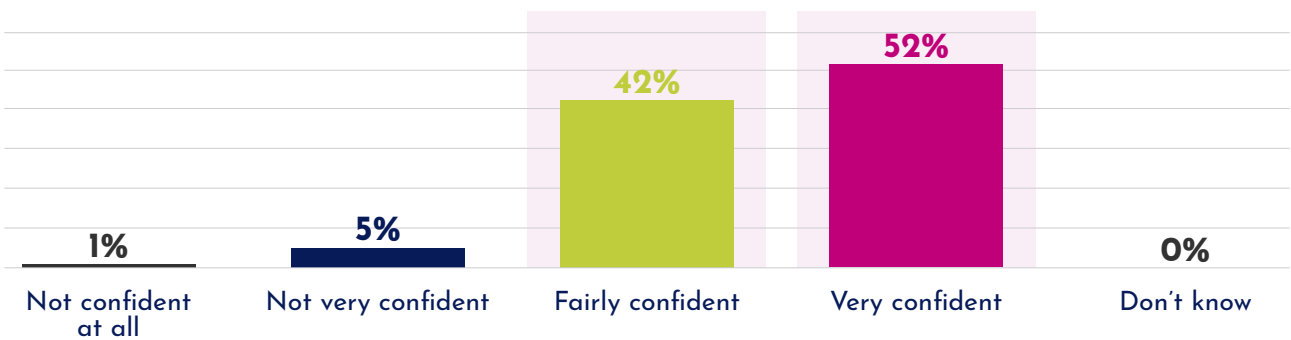


TO WHAT EXTENT DO YOU BELIEVE HR PROFESSIONALS/HR BUSINESS PARTNERS IN YOUR ORGANISATION ARE AWARE OF THE POTENTIAL IMPACTS OF THE UPCOMING EMPLOYMENT RIGHTS BILL?



What is surprising in the findings is that a combined 94% are either “fairly confident” or “very confident” in their current policies and procedures being compliant with the new requirements, such as new day-one rights, unfair dismissal protections and extended flexible working. This reinforces the perception of readiness, but does it also indicate an over confidence and lack of assessment of the impact of the significant change to come?

HOW CONFIDENT ARE YOU IN YOUR ORGANISATION'S CURRENT POLICIES TO COMPLY WITH THE NEW REQUIREMENTS?



The confidence in the responses here may point to a lack of adequate assessment or thorough understanding of the impact the ERB will have.



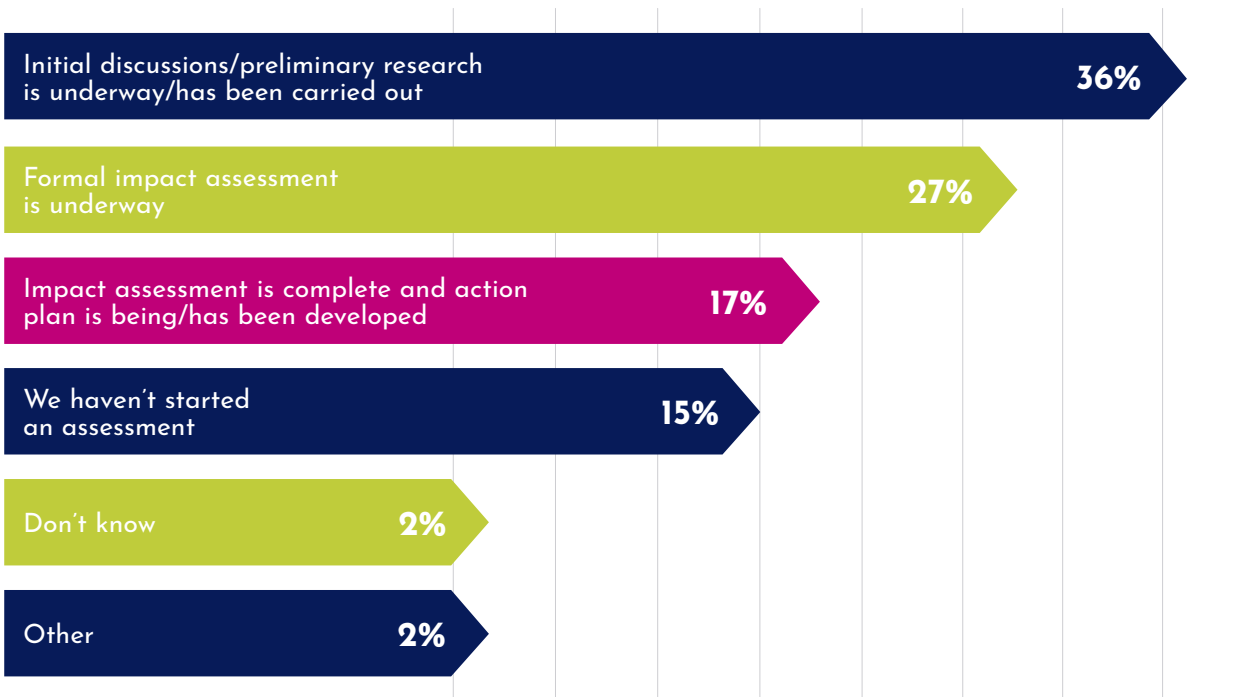
A LACK OF STRATEGIC PREPAREDNESS

A closer look at the data suggests this confidence may be masking a lack of preparedness in action and training, which creates a significant risk.

Despite the high levels of awareness in the HR leadership cohort, the assessment and action rate is concerningly low, with only **17%** having completed an impact assessment and are developing/have developed an action plan.

Even more concerning is that **1 in 6 (15%)** still haven't started an assessment at all or 'don't know' if they've started one. Although many may have been stalling while the Bill passed through Parliament, some of the new duties are set to come in as soon as the Bill is given Royal Assent, so this complete inaction by so many is a significant concern.

WHICH BEST DESCRIBES THE LATEST ACTION YOUR ORGANISATION HAS UNDERTAKEN IN ASSESSING THE IMPACT OF THE BILL?



These results could suggest a significant proportion of HR is suffering from knowledge paralysis. They know the law is coming, and they understand its gravity, yet the strategic, heavy-lifting work required to operationalise change is stalled.

This is somewhat understandable, as many business leaders expected significant amendments to the Bill due to the seismic impact it will have on risk and costs to businesses. However, as the Bill has progressed, the amendments have not significantly reduced the impact of the bill, so these stats demonstrate a concerning level of unpreparedness. The survey results also indicate a lack of time and resource dedicated to proactively evolving to prepare.

The risk if organisations continue to stall action is that there will be rushed, late-stage compliance efforts that introduce policy inconsistencies and significantly increase complexity and risk, which could lead to more early tribunal claims, and further risk of HR burnout.



THE TRIBUNAL RISK MANAGER CAPABILITY AND TRAINING GAPS

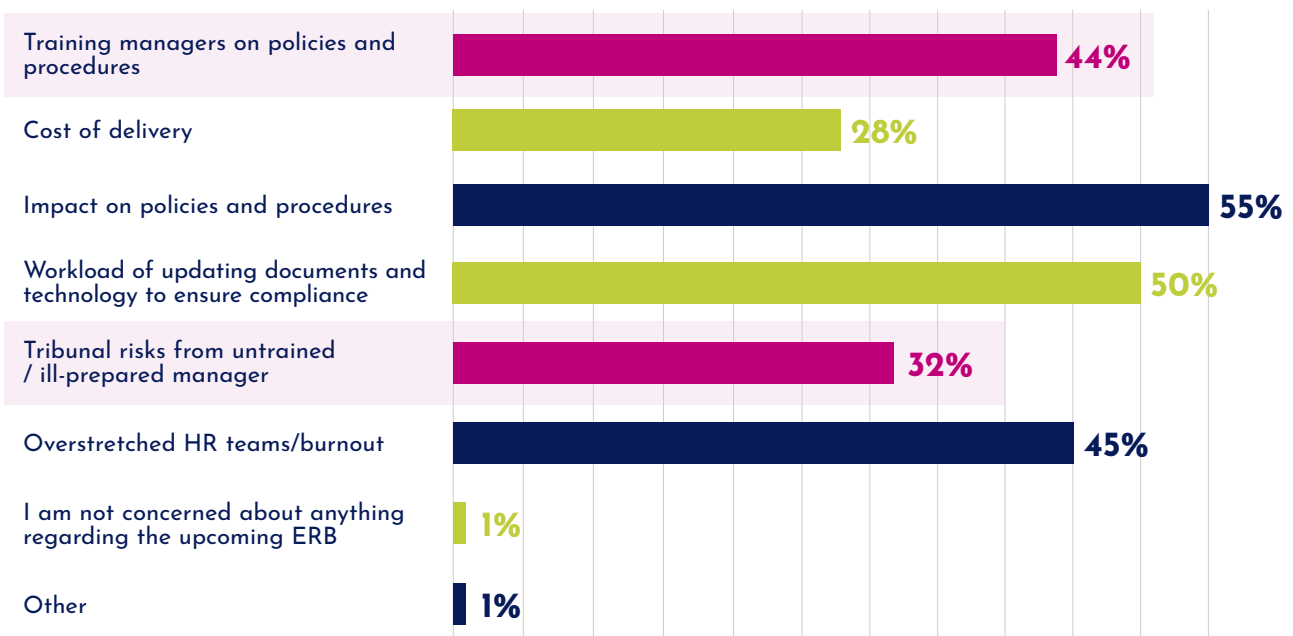
The most salient concern for the future of HR in the wake of this Bill lies with our managers. Only **40%** “strongly agree” that managers have the skills to handle ER issues in line with the new Bill, and **1 in 5 (22%) “disagree”** managers have the skills, while the data on anxiety and preparation tells a more complete story of the fear and risk HR leaders are feeling.

DO YOUR MANAGERS HAVE THE SKILLS TO MANAGE ER ISSUES IN LINE WITH THE NEW BILL?



44% are explicitly concerned about “**Training managers on policies and procedures**,” and **32%** about “**Tribunal risks from untrained/ill-prepared managers**.”

WHAT ARE YOU MOST CONCERNED ABOUT REGARDING THE EMPLOYMENT RIGHTS BILL?



The HR leaders who responded may want to believe their managers are capable, but their underlying anxiety about tribunal risk suggests a deep-seated lack of faith in their frontline ER capabilities.

The Bill’s removal of the two-year qualifying period for unfair dismissal rights, reducing this to just six months, means managerial missteps - from handling flexible working requests to initiating probation discussions - will carry an immediate, increased legal risk. And, with the latest bombshell that there will be no compensation cap for unfair dismissals, the complexity and financial risks will be greater than ever.



EMPLOYEE RELATIONS TRANSFORMATION A PRIORITY WITHOUT A PURSE

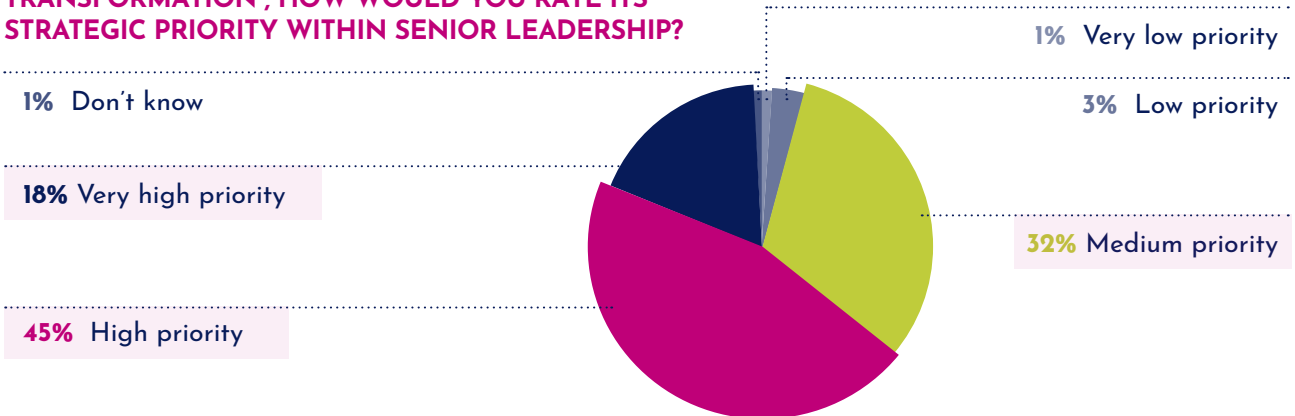
While the Employment Rights Bill outlines the legal framework for employee protections, compliance alone doesn't guarantee a healthy or productive workplace. The real challenge lies in how organisations translate these statutory requirements into day-to-day practice - how managers handle interactions, support staff and resolve conflicts. The research perfectly frames the broader context that employee relations is a clear strategic priority, yet it lacks the dedicated investment required for genuine transformation.



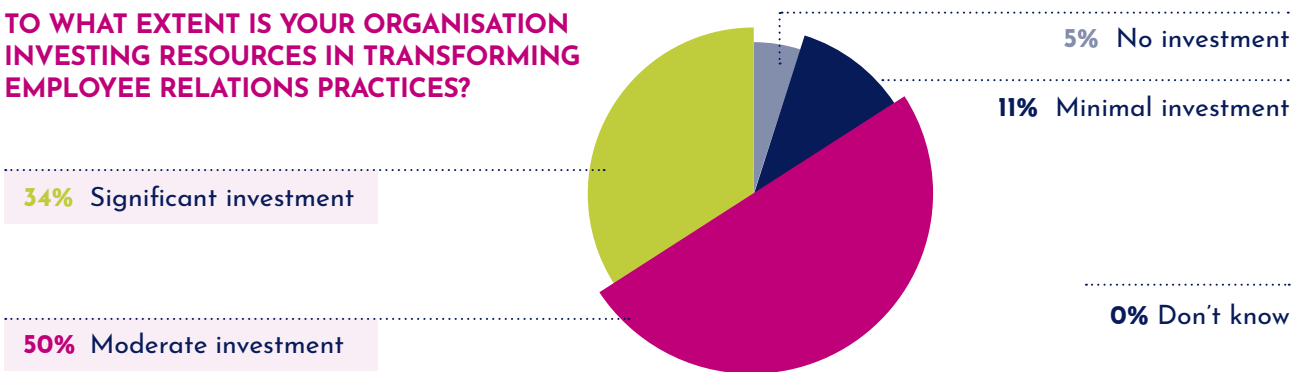
THE INVESTMENT GAP

An overwhelming **95%** of HR leaders rate ER transformation as a "Medium," "High," or "Very High" strategic priority within senior leadership. Yet only **34%** report making a "Significant investment," with the largest group (**50%**) only making a "Moderate investment."

WHEN IT COMES TO "EMPLOYEE RELATIONS TRANSFORMATION", HOW WOULD YOU RATE ITS STRATEGIC PRIORITY WITHIN SENIOR LEADERSHIP?



TO WHAT EXTENT IS YOUR ORGANISATION INVESTING RESOURCES IN TRANSFORMING EMPLOYEE RELATIONS PRACTICES?



This highlights a classic dilemma where senior leadership has a clear strategic intent but is not allocating the necessary capital to achieve it. There is an understanding of the necessity to transform to enhance culture, improve productivity and avoid legal risk, but the budget is just keeping the lights on.

This moderate investment may help to explain part of the reason why HR teams feel overstretched and burnt out (**45% most concerned about burnout**). ER transformation is a necessity in the new legal landscape of the Employment Rights Bill, but if it is delivered on a shoestring, it will compound risk rather than reduce it.



THE MANAGER CAPABILITY AND BUDGET BARRIER

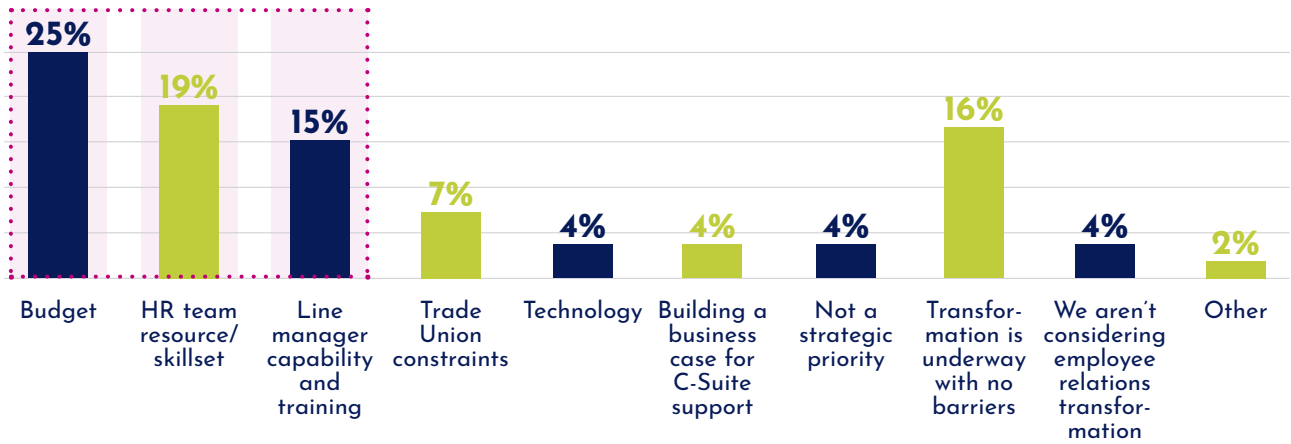
When asked about the biggest barrier to ER transformation, the top three answers paint a clear picture of what needs fixing:

BUDGET (25%)

HR TEAM RESOURCE / SKILLSET (19%)

LINE MANAGER CAPABILITY AND TRAINING (15%)

PLEASE SELECT THE BIGGEST BARRIER THAT IS LIMITING YOUR ORGANISATION'S ABILITY TO TRANSFORM EMPLOYEE RELATIONS PROCESSES.



The perceived budget deficit is likely one of the root causes of the lack of investment in manager capability and training, which in turn will be the source of increased tribunal risk under the new legislation.

This creates a cycle that HR leaders must break by presenting a robust business case for upfront, proactive investment in employee relations transformation, the benefits of which are clear.

READ REAL-WORLD BENEFITS OF ER TRANSFORMATION

SCAN FOR CASE STUDIES



See how empower® delivers a tangible ROI, by reducing sickness absence by up to 10% and tribunal claims by up to 50%.



THE STRATEGIC IMPERATIVE INTEGRATING TECHNOLOGY AND EXPERTISE FOR ER TRANSFORMATION

Risk mitigation and digital compliance

ER transformation is fundamentally an investment in risk mitigation, directly impacting the bottom line through reduced tribunal risk exposure and improved workforce engagement.

The Empowering People Group provides a suite of services that support organisations in transforming employee relations processes and future-proofing the HR operating model. At the heart of these is **empower**[®], which is a next-level ER case management platform that empowers managers to self-serve people matters via digital guided journeys and standardised processes. This ensures that processes are managed in a compliant and consistent way, mitigating one of the primary drivers of successful employment tribunal claims: poor process (or the ability to prove proper process was followed).

empower[®] also provides actionable insights to enable HR to take a data-driven approach to people strategies, and to help identify the root cause of issues that may be negatively impacting employee experiences or increasing risk exposure.

Robust audit trails, with secure documentation features, also ensure that the organisation can consistently demonstrate compliance with rapidly changing legislation, safeguarding against financial penalties and reputational damage. This future-ready approach not only significantly lowers the risk of large compensation awards but also cuts the immense costs associated with legal fees, manager time, and internal HR resources dedicated to managing disputes.

empower[®]
by **AdviserPlus**



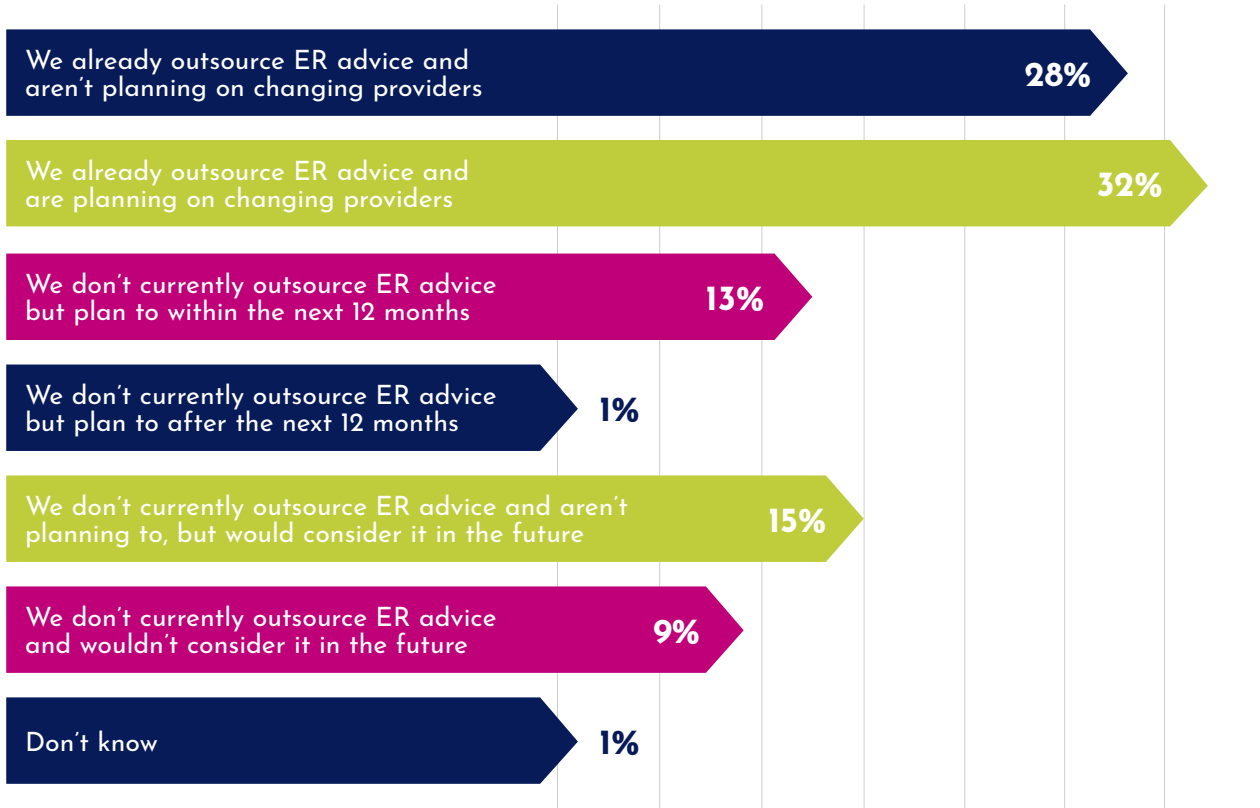
STRATEGIC CAPACITY OUTSOURCING AS AN ENABLER FOR HR

However, technology alone cannot fully solve the complexities of employee relations. While **empower**[®] delivers essential consistency and data, to truly maximise the value of HR, teams must be freed from high-volume, repetitive case management to focus on strategic priorities - such as talent development, cultural change and proactive workforce planning. This is where strategic outsourcing of ER advisory functions becomes hugely valuable, too, providing the necessary bandwidth for HR while ensuring deep expertise is always available to support managers.

The research validates this, indicating a significant and growing reliance on external support for employee relations functions. Notably, **60%*** of organisations either already outsource ER advice or are planning on changing providers. This trend confirms that HR teams are already at capacity and actively seeking external resources and expertise to cope with increased case volume and legal complexity, further supporting the narrative of an overstretched function, with **45% of HR professionals concerned about burnout**.

**See outsourcing stats on the next page.*

TURNING YOUR THOUGHTS NOW TO OUTSOURCING ER ADVICE TO SUPPORT YOUR TEAMS, WHICH OF THE FOLLOWING STATEMENTS BEST REFLECT YOUR CURRENT POSITION?



For organisations that partner with the Empowering People Group, the dual impact of technology and advisory expertise is immediately measurable. Our services drive a valuable impact on reducing case volume and significantly improving resolution times, directly reducing operational burden and risk exposure.

The combination of manager empowerment, best-practise advice, and insightful analytics protects against employment tribunal risks. Additionally, when complex cases hit critical escalation points, we have legally privileged advice available, provided by our employment law division. This legal expertise offers an additional layer of risk protection and assurance, which is invaluable in the high-stakes regulatory landscape UK organisations are facing ahead.



OPERATIONAL EFFICIENCY AND PROACTIVE PEOPLE MANAGEMENT

Another critical outcome of transforming ER processes with the right technology, training and support, is the boost to operational efficiency and a measurable reduction in sickness absence. This is essential when you consider absence rates have reached the highest level in more than a decade. Equipping line managers with consistent policies and the right digital tools and advice enables them to address both routine and complex employee issues promptly and fairly, preventing minor problems from escalating into prolonged disputes or stress-related absence.

An effective ER system reduces ambiguity and workplace friction, and enables a proactive approach to people management. This directly combats the stress and dissatisfaction identified as major causes of rising ER cases, leading to a tangible drop in both sickness days and costly presenteeism. This increased managerial competence frees HR Business Partners from transactional firefighting, allowing them to focus on strategic priorities.



IMPROVED EMPLOYEE EXPERIENCE AND CULTURE

Effective ER transformation that empowers managers also serves as a powerful tool for enhancing the employee experience and strengthening overall company culture. By ensuring every formal issue, from grievances to flexible working requests, is handled with transparency and consistency across the business, the organisation builds employee trust through fairness.

When managers are competent and well-supported, they help build more emotional commitment with their direct reports, which is key to employee retention. This cultural shift, where employees feel safe and confident to speak up knowing their concerns will be professionally addressed, creates a positive feedback loop that helps identify and resolve the root cause of issues before they impact morale and productivity.



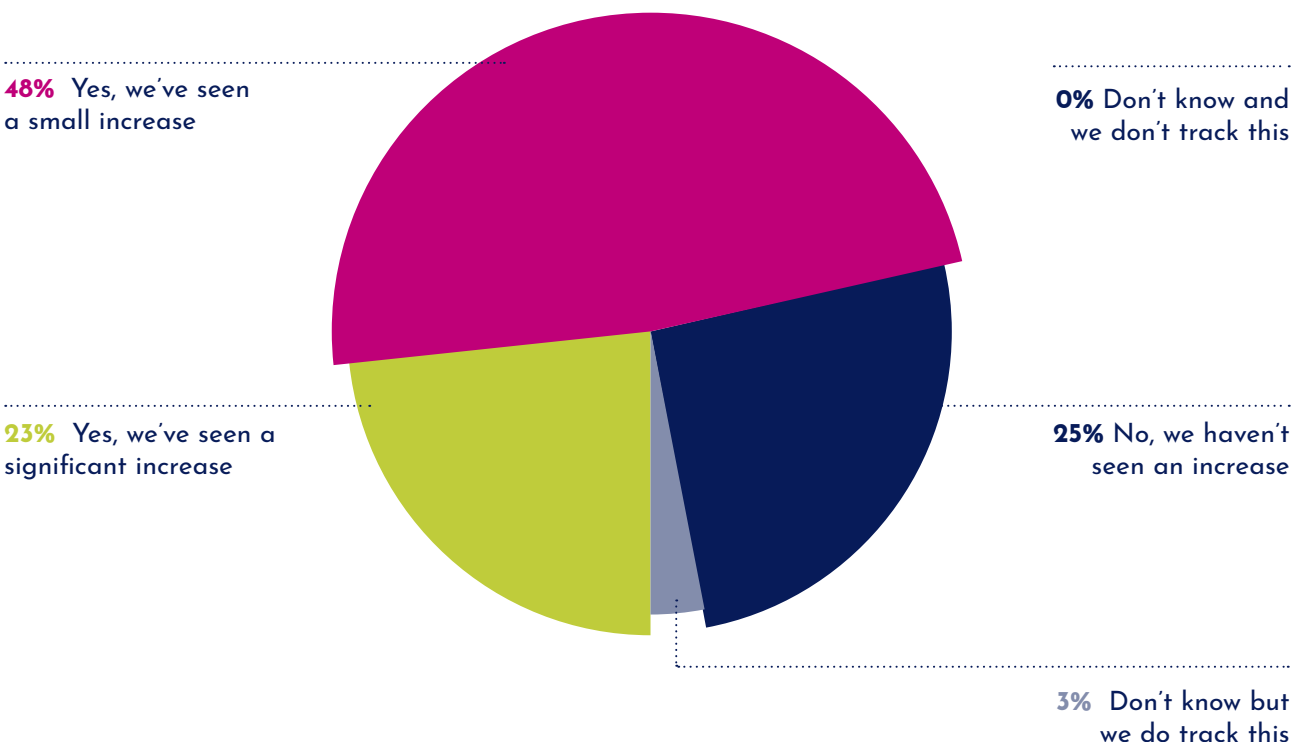
THE DRIVERS OF RISING ER CASES

The urgency with which organisations need to act to transform HR operating models is highlighted by the rising tide of employee relations cases organisations are seeing across the board. The research offers a data-driven explanation for this rise in cases, with **71%** seeing an increase, and citing the top primary causes as:

 **WORKLOADS AND WORKPLACE STRESS
INCREASING EMPLOYEE DISSATISFACTION**
38%

 **EMPLOYEES HAVE GREATER
WILLINGNESS TO SPEAK UP**
32%

HAS YOUR ORGANISATION EXPERIENCED A RISE IN EMPLOYEE RELATIONS CASE VOLUMES IN THE LAST YEAR?



IT IS WIDELY REPORTED THAT ORGANISATIONS ARE EXPERIENCING A STEEP RISE IN EMPLOYEE RELATIONS CASES IN THE UK. WHICH, IF ANY, OF THE FOLLOWING DO YOU THINK ARE THE CAUSES OF THE INCREASE IN CASES?

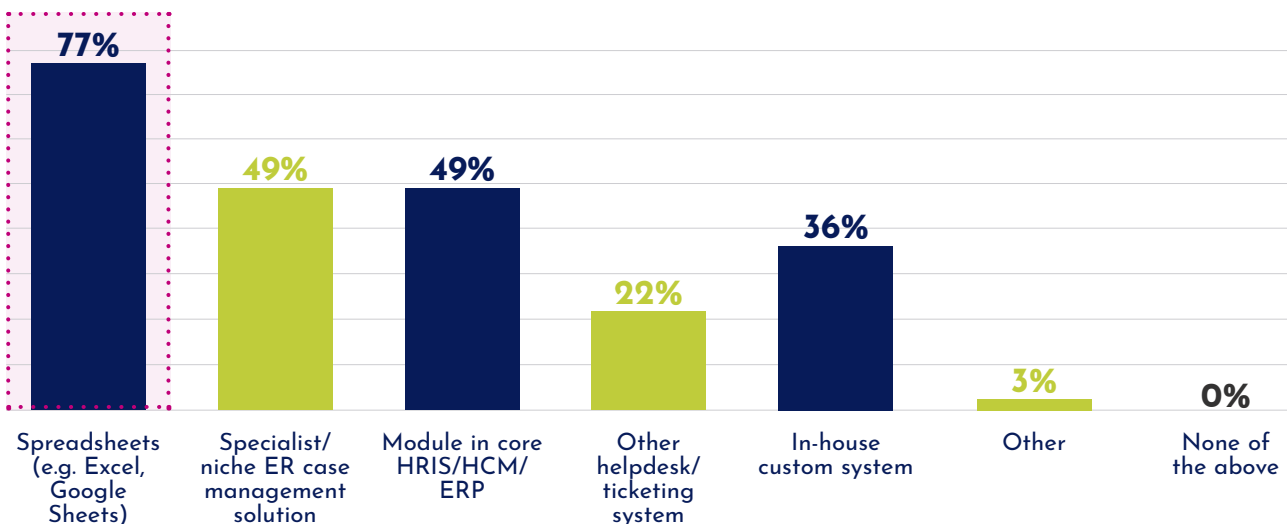
Please select all contributing causes that apply and select just one that you consider to be the primary cause:

	Contributing cause	Primary cause	Not applicable
Employees have better awareness of rights (e.g. around sexual harassment/equality/workers rights etc.)	63%	28%	9%
Employees have greater willingness to speak up	64%	32%	4%
Workloads and workplace stress increasing employee dissatisfaction	50%	38%	12%
Management and leadership manager capability gaps	61%	23%	17%
Inconsistent application of company policies by managers	59%	20%	21%
Legal and regulatory pressures	62%	20%	18%
AI is supporting employees to raise more robust grievances/claims	46%	20%	34%

(NB. Percentages add up to more than 100 because respondents could select more than one option)

This data provides invaluable insight that highlights the greatest driver of ER issues is wellbeing and operational stress. The high ranking of “willingness to speak up” is a sign of a workplace where employees feel confident enough to report concerns. The challenge for HR is that the systems used to capture ER data - often still reliant on spreadsheets (77%) - are ill-equipped to handle the volume and complexity of rising cases.

WHICH, IF ANY, OF THE FOLLOWING HR SYSTEMS DOES YOUR ORGANISATION CURRENTLY USE AS THE PRIMARY TOOL TO MANAGE EMPLOYEE RELATIONS MATTERS?





THE AI FACTOR INCREASED SOPHISTICATION AND CASE VOLUME

The rise of generative AI is adding a new layer of complexity, as evidenced by the finding that nearly half (46%) of HR leaders see AI as supporting employees to raise more robust grievances or claims.

This suggests that employees, empowered by sophisticated AI tools, are now able to draft legally astute and structurally robust formal complaints that previously would have required expensive legal consultation or a high degree of confidence. This immediately increases the internal burden on HR teams, who must now dedicate significantly more time and expertise to responding to high-calibre grievances, elevating the risk profile of cases.

The sheer accessibility of AI means that employees who might otherwise have been unsure of their rights, or raised an informal concern, are now more likely to immediately formalise their complaints, leading to further rises in both the volume and the complexity of the ER caseload. This presents a growing risk of HR burnout, even before we add the impact of upcoming legislative changes.



MORE RIGHTS, MORE RISK AND MORE WORK

The Employment Rights Bill presents a dramatic and immediate surge in administrative work for HR and managers. Empowering People Group's internal research suggests that the introduction of new protection against unfair dismissal is expected to increase probation-related administrative tasks by up to **230%**, requiring up to **13%** more ER resources, just to manage the increase in probation tasks alone.

When combined with the pre-existing anxiety over overstretched HR teams and burnout (**45% concern**), this forecasted task increase paints a picture of an HR function that is dangerously under-resourced to handle the new legal landscape.

The tidal wave of additional workload and administrative tasks will hit organisations hard. Navigating how to fairly defend every early-days dismissal, if challenged, will result in direct operational compliance costs. Not forgetting the added complexity and risk that will come with the proposal to remove the unfair dismissal compensation cap, which introduces the threat of higher compensation claims.



OUTDATED OPERATING MODELS

Many organisations have outdated employee relations operating models that are not fit for the future. The most alarming statistic in the data referenced earlier is the revelation that **77%** of enterprise organisations still use spreadsheets (like Excel and Google Sheets) as a primary tool to manage ER matters. While nearly half use an HRIS module or specialist tool, the reliance on manual spreadsheets for sensitive employee disputes is a major risk.

This exposes the organisation to:

 **LACK OF AUDITABILITY AND NON-COMPLIANCE**

 **INCONSISTENT DATA AND REPORTING**

 **INABILITY TO IDENTIFY TRUE ROOT CAUSES**

The finding that **67%** believe they have "good data visibility" when they are using spreadsheets suggests a profound overestimation of the data quality and an underestimation of the risk exposure. This should be a stark call to action for future-fit digital transformation.

DO YOU BELIEVE YOU HAVE THE DATA VISIBILITY TO UNDERSTAND THE EMPLOYEE RELATIONS CASE TYPES AND THE ROOT CAUSE OF EMPLOYEE RELATIONS ISSUES?





A NEW ERA OF MANAGER EMPOWERMENT

Line managers are typically the first point of contact for employee relations matters, but traditional operating models mean that managers often lack the capability to handle people matters without engaging HR. This creates an over-reliance on HR to deal with tactical issues managers should be able to handle themselves.

The research demonstrates a clear understanding of the benefits that empowering managers to self-serve more ER matters can deliver. This shows the appetite of HR leaders to see beyond simple administrative relief to operational excellence and cultural improvements.

While the highest number of leaders selected **“Improve consistency in the management of people matters” (38%)** as the primary benefit, the spread of responses across the top three primary drivers is remarkably close, with **“Deliver efficiencies/reduce cost of HR function” (33%)** and **“Improve employee experiences” (32%)** close behind.

The highest volume of contributing benefits were focused on driving efficiency, including **“Reduce ER case durations” (70%)** and **“Reduce burnout” (70%)**. This collective view confirms that the strategic purpose of manager empowerment is twofold: to mitigate the burnout and capacity crunch currently felt by HR teams, and, more importantly, to embed consistency and fairness directly at the first point of interaction.

WHAT BENEFITS DO YOU SEE IN EMPOWERING YOUR MANAGERS TO SELF-SERVE MORE EMPLOYEE RELATIONS MATTERS?

Please select all that apply, but select only one primary benefit.

	Benefit	Primary benefit	Not applicable
Improve employee experiences	66%	32%	2%
Deliver efficiencies/reduce cost of HR function	64%	33%	3%
Improve consistency in the management of people matters	59%	38%	3%
Reduce sickness absence and grievance rates	59%	27%	14%
Reduce ER case durations	70%	19%	11%
Enable HR the time to be more strategic	70%	27%	3%
Reduce burnout	70%	23%	8%

The shift to a solution like **empower®**, with outsourced advisory services, ensures that the day-to-day management of people is consistent and compliant, which is essential for reducing legal risk and delivering a positive employee experience.





TIME TO TRANSFORM OR FACE A TRIBUNAL TIDAL WAVE!

The research paints a varied picture of the preparedness and deep understanding of the impending impact of the Employment Rights Bill. While HR leaders are aware of the challenges posed, the data reveals a dangerous gap between awareness and proactive action.

The future success of HR's compliance and risk management hinges on a decisive investment in digital ER infrastructure, outsourcing to relieve the pressure on HR, and empowering and upskilling line managers to mitigate the legal exposure the new legislation will create.

If organisations continue stalling investment, the risk of rising tribunal claims and costs is very real. Simply put, the time to invest in transformation is now, not tomorrow.



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STARK UK CASE STUDIES**



The Empowering People Group advantage:

A passion for simplifying processes and empowering people to drive business success.



A leading provider of specialist HR services and technology



Flexible, straight-talking, pragmatic employment law specialists



Powerful career transition, coaching and learning solutions



A leading digital-learning and Learning Management Software provider