

# EMPLOYMENT RIGHTS ACT FOR CHARITIES



Charities and not-for-profit organisations are exposed on several fronts by the Employment Rights Act 2025 (ERA), tight budgets, under-resourced HR functions, reliance on casual and part-time staff, and policies that have not been reviewed for years. Below are three ERA changes that will require urgent attention for charities.

| THE CHANGE                                           | WHAT IT MEANS FOR YOU                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | WHAT YOU NEED TO DO                                                                                                                                                                                                                                                                   |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Statutory sick pay (day-one, no waiting days)</b> | Many charities employ part-time and low-paid staff who were previously below the SSP lower earnings limit. The abolition of that limit from April 2026, combined with day-one payment and no waiting days, increases the cost of absence on already tight budgets. Policies referencing the old rules are common in the sector.                                                                                                                                                                                  | Update your sickness absence policy as a priority. Remove waiting-day references. Model the cost impact on your budget. Review absence management procedures to ensure they are proportionate and up to date.                                                                         |
| <b>Reduced unfair dismissal qualifying period</b>    | From 1 January 2027, the qualifying period for unfair dismissal is being reduced from two years to six months. Charities frequently recruit on short-term or project-funded contracts and have relied on the two-year qualifying period when roles do not work out. The shorter qualifying period means a fair, documented process is needed much earlier, regardless of funding arrangements. Awards for unfair dismissal will also be uncapped for all terminations taking effect from 1 January 2027 onwards. | Implement a probationary framework with documented reviews that produce a defensible record within the first six months. Train managers – many of whom may be programme-focused rather than HR-trained – on fair dismissal procedures. Review disciplinary and capability procedures. |
| <b>Zero-hours and casual workers</b>                 | Many charities use casual, sessional, or bank staff for service delivery. The guaranteed-hours provisions mean staff with regular, predictable patterns will be entitled to a contract reflecting those hours. Volunteer/casual worker boundaries will also need reviewing.                                                                                                                                                                                                                                      | Audit your casual and sessional workforce. Identify anyone whose engagement pattern suggests regular hours. Review contracts and consider whether arrangements need redesigning. Clarify the boundary between volunteers and casual workers.                                          |

## THE COST OF INACTION

A charity with 40 staff, no updated policies, and a reliance on casual sessional workers faces exposure across all three areas on a budget that cannot absorb tribunal claims. A single uncapped unfair dismissal award could equal a significant proportion of an annual operating budget. Proactive compliance is far cheaper than reactive litigation.

## NEXT STEPS

We advise charities and not-for-profits on practical, proportionate ERA compliance. We understand the budget constraints. A 20-minute initial call is enough to identify priorities. No charge for that first conversation.

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