EMPLOYMENT RIGHTS ACT FOR HOSPITALITY

Stephens Scown

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. Below are three ERA changes that will require urgent attention for hospitality businesses.

THE CHANGE	WHAT IT MEANS FOR YOU	WHAT YOU NEED TO DO
Zero-hours and casual workers	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. Most hospitality rosters were not designed for these requirements.	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.
Statutory sick pay (day-one, no waiting days)	With effect from 1 April 2026, SSP is now payable from day one 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 still reference three waiting days.	Update your sickness absence policy 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.
Reduced unfair dismissal qualifying period	The qualifying period for unfair dismissal is being reduced from two years to six months. That change applies to anyone who has six months' continuous employment as at 1 January 2027. 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. Compensatory awards will also be uncapped for termination dates from 1 January 2027.	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.

THE COST OF INACTION

A hospitality business with 80 casual workers, no updated contracts, and no structured performance process faces exposure on three fronts simultaneously. With the qualifying period reduced to six months and awards uncapped, the cost of a single claim can exceed a full compliance programme. Add multiple guaranteed-hours claims and the case for acting is clear.

NEXT STEPS

We offer a focused ERA compliance review for hospitality businesses. A 20-minute initial call is enough to identify the priority areas. No charge for that first conversation.

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