

SHREWSBURY TOWN COUNCIL**Full Council**

29 June 2026

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HR POLICY UPDATE and APPROVAL**(Employment Rights Act including SSP and day one rights for family leave)****Purpose of Report**

The purpose of this briefing is to inform Full Council of the key employment law changes taking effect from April 2026, principally arising from the Employment Rights Act 2025 and related legislation. These changes significantly expand employee entitlements, strengthen enforcement and sanctions, and alter the framework for trade union engagement.

The briefing is intended to:

- Highlight areas of material impact on employees and the organisation
- Support meaningful consultation with staff-side representatives
- Enable the organisation to prepare, mitigate risk, and ensure compliance ahead of implementation
- Identify where policy, process, payroll, and managerial practice will need revision

What has changed?**Statutory Sick Pay (SSP): Paid from Day One**

- Statutory Sick Pay is now payable from the first day of sickness absence, with the previous waiting period removed.
- Eligibility is extended to all employees, regardless of earnings level.
- Payment is calculated as 80% of average weekly earnings or the statutory rate, whichever is lower.
- These changes will result in an increased cost impact from short-term absences and place greater emphasis on effective absence management and payroll accuracy.

2. Family-Friendly Leave: Day-One Employment Rights

- Statutory paternity leave and unpaid parental leave become day-one rights, removing previous qualifying service requirements.
- A new entitlement to bereaved partner's paternity leave, of up to 52 weeks in specified circumstances, also applies from the first day of employment.
- These changes require managers to consider family-related leave requests from the outset of employment and to apply policies consistently.

3. Holiday Records: New Legal Duty

- Employers are placed under a statutory duty to maintain records relating to:
 - employees' holiday entitlement
 - leave taken

- methods used to calculate holiday pay
- This formalises record-keeping requirements and increases the need for reliable time, attendance and payroll systems.

4. Collective Redundancy: Higher Financial Exposure

- The maximum protective award for failure to comply with collective redundancy consultation requirements increases from 90 to 180 days' pay per affected employee.
- This significantly heightens financial exposure where consultation processes are not followed and reinforces the need for early and careful management of restructuring activity.

5. Trade Union Rights: Easier Recognition and Action

- The statutory trade union recognition process is simplified.
- The requirement for unions to demonstrate likely majority support at the outset is removed.
- Industrial action ballots now require only a simple majority of votes cast, with reduced notice periods and procedural requirements.
- These changes increase the likelihood of trade union engagement and formal recognition activity.

6. Enforcement: Creation of the Fair Work Agency

- A new Fair Work Agency is established with powers to proactively investigate and enforce employment rights.
- Enforcement activity will no longer depend solely on individuals bringing tribunal claims.
- This introduces a stronger compliance environment, with increased scrutiny of policies, records and managerial practice.

RECOMMENDATION:

It is recommended that Full Council note these changes and approve the following:

1. Policy update:

- Absence Management Policy to reflect new SSP changes (and other amendments to simplify the absence management process for short term absence - Previously, there were two informal stages followed by a formal stage and a separate capability process led to prolonged timescales and duplication. The new approach allows for informal monitoring initially, followed by two formal stages, with Stage 3 acting as the final (dismissal) meeting where appropriate).
- Paternity Leave Policy, Parental Leave Policy and Leave Policy to reflect new family friendly day one entitlements rights to statutory leave from day one of employment. The Maternity and Adoption policies have also been updated to ensure consistency about qualifying service wording.
- Improved layout and formatting to enhance readability and accessibility.

2. Time Management and Payroll systems Readiness

- Ensure providers' systems are ready for accurate holiday records and correct payments in line with new statutory requirements.

3. Manager and Workforce Communication

- Provide targeted communication to managers to manage expectations and promote understanding on:
 - New family-friendly rights
 - SSP changes and absence management

4. Compliance and Risk Management

- Strengthen internal controls in anticipation of enforcement activity by the Fair Work Agency including:
 - Policy review; update, approval, version control and accessibility to staff and managers.
 - Employment contracts and standard letters review to ensure they do not contain outdated qualifying periods or other eligibility criteria.
 - Collective redundancy processes review to mitigate increased financial exposure from higher protective awards.

5. Trade Union Engagement

- Review and strengthen consultation arrangements, ensuring recognition agreements, JCC processes and escalation routes are clear, current and consistently applied.
- Equip managers with clear guidance and support on the revised trade union framework to promote lawful, constructive engagement and reduce the risk of dispute.
- Maintain proactive oversight of employee relations, using early engagement with trade unions and regular reporting through established governance arrangements.