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Monthly Newswire

Welcome to our latest monthly newswire. We hope you enjoy reading this newsletter and find it useful. Please contact us if you wish to discuss any issues further.

August 2025

Government Unveils Roadmap for Employment Rights Bill

What are the implications for your business?

Following publication of the Employment Rights Bill in October 2024, the government has published a comprehensive implementation roadmap. The roadmap outlines a phased timeline for one of the most significant overhauls of UK employment law in decades.

Aimed at raising living standards and strengthening workplace protections, it's estimated that the reforms will affect around 15 million workers, or half of the UK workforce.

The legislation is part of the Government's plan to Make Work Pay, as well as its Plan for Change. It introduces new entitlements for employees, creates new enforcement mechanisms, and sets out clearer obligations for employers.

Key Changes and Implementation Timeline

The Employment Rights Bill will be introduced in phases, beginning shortly after its passage through Parliament and extending into 2027. The government has said this staged approach is intended to give businesses the clarity and lead time needed to plan and adjust.

Here's a broad outline of when key changes are likely to take effect.

Immediate (once granted Royal Assent):

- Repeal of the Strikes (Minimum Service Levels) Act 2023 and most of the Trade Union Act 2016.
- Protections against dismissal for workers involved in industrial action.

From April 2026:

- Statutory Sick Pay (SSP) eligibility extended by removing the lower earnings limit and waiting period.
- Day one rights to paternity leave and unpaid parental leave.
- New whistleblowing protections.
- Creation of the Fair Work Agency to enforce employment rights.
- Doubling the maximum period of the protective award in cases of collective redundancy.
- A package of trade union measures, including simplifying recognition processes and electronic and workplace ballots.

From October 2026:

- Legislation to ban fire and rehire practices.
- Establishment of a fair pay agreement negotiating body for adult social care in England.
- Strengthened tipping laws, requiring consultation with workers on fair distribution.
- Employers required to take "all reasonable steps" to prevent sexual harassment.
- New duties on employers to prevent third-party harassment.
- Further trade union rights and protections, including stronger safeguards for union reps.

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In 2027:

- Enhanced dismissal protections for pregnant women and new mothers.
- Bereavement leave for workers.
- End to exploitative zero-hours contracts, with requirements for predictable hours.
- 'Day one' rights to unfair dismissal protection.
- Expanded access to flexible working arrangements.
- Gender pay gap and menopause action plans (to be introduced on a voluntary basis in April 2026).
- Clarified requirements for preventing workplace harassment.
- A modern framework for industrial relations.

Business Implications

For employers, the roadmap presents a number of changes that will require preparation and adaptation over the coming months and years. The Government has stated it will publish detailed guidance ahead of each implementation date, alongside additional support via organisations such as Acas.

The reforms are likely to increase employers' responsibilities in areas such as record-keeping, employee relations, and compliance with new procedural standards. Hospitality, social care, and retail businesses, which often rely on flexible contracts or lower-paid workforces, may experience particular impacts.

With some measures coming into effect from April 2026, you may wish to begin reviewing your HR strategies, employment contracts, and risk management practices now.

The roadmap also signals a shift in the relationship between employers and trade unions, with increased access rights and simplified processes for recognition and balloting. The expansion of employment protections from day one represents a significant departure from the current law.

Looking Ahead

Having clear timelines and advance publication of guidance should help with navigating the changes. There are also indications that there will be further consultations in some areas to make sure that the measures implemented will be practical.

For further information, see the full roadmap here.

UK Economy: Growth Falters, Inflation Rises

Practical Takeaways for Business Owners

Business owners across the UK are facing an increasingly complex economic picture. Inflation has crept up again and recent figures show the economy has contracted for two months in a row. So, what's really going on - and what should you be doing as a business owner?

Inflation rises again

The latest figures from the Office for National Statistics show inflation rose to 3.6% in the year to June, up from 3.4% in May. This is the sharpest increase since January 2024 and was driven mainly by rising motor fuel and food prices. Food price inflation has increased for the third consecutive month.

The Bank of England expects inflation to peak around 3.7% in the summer before easing towards its 2% target later in the year. But for now, rising prices are continuing to put pressure on households and businesses alike.

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Economic growth faltering

The economy shrank by 0.1% in May, following a 0.1% fall in April. These figures were worse than expected and are mainly down to a drop in manufacturing and weak retail sales. While the economy saw strong growth earlier in the year, that now looks like a temporary boost - partly due to changes in US tariffs and the end of the UK stamp duty break.

Although the economy isn't technically in recession, it is clearly struggling. Business confidence and activity in some sectors remain fragile, and growth may be modest in the months ahead.

Interest rate cuts on the horizon

There may be some relief ahead in the form of lower interest rates. Bank of England governor Andrew Bailey has said he believes the path for rates is "downward", and many economists expect a rate cut at the next review in August.

Rates currently sit at 4.25%. A rate cut would reduce the cost of borrowing and could help ease pressure on mortgages, loans and credit. The Bank is being cautious because inflation is above target. However, Mr Bailey indicated that if the job market is showing signs of cooling down, the Bank will be prepared to make cuts.

There are signs of that happening. The number of job vacancies has fallen to its lowest level since 2021, and more people are now available for work.

Many employers are struggling to absorb increased payroll costs due to the government's recent increase in National Insurance for employers as well as the National Living Wage. As an example, National Trust cited these as reasons for its plan to cut 550 jobs from its payroll over the next few weeks.

What are the takeaways for your business?

Here are some key takeaways and practical tips for navigating the current climate:

1. Keep an eye on costs: With inflation on the rise again, review your costs - especially around fuel, food and other goods affected by price increases. If you can, negotiate supplier contracts early to lock in rates.

2. Plan for potential interest rate cuts: If your business has borrowing (loans, overdrafts or credit lines), a rate cut in August could reduce your costs. Consider reviewing repayment terms or refinancing if you expect rates to drop further later in the year.

3. Watch your cashflow: If the economy is stalling, demand in some sectors may weaken. Make sure you have a clear view of your cashflow over the next 3-6 months. Adjust your spending plans if needed and chase payments due from your customers promptly.

4. Take care with hiring decisions: Given slower economic growth and higher employer NICs, it's sensible to be cautious with recruitment. Consider flexible or temporary options if you're unsure about long-term demand.

5. Exporting? Look abroad for growth: Some UK businesses are still thriving by focusing on overseas markets. If your product or service can be exported, this may be a way to grow, even if domestic demand softens.

6. Be ready for tax changes at the Autumn Budget: The Chancellor will face difficult choices later this year, and some are anticipating further tax changes. We'll be keeping you updated as we learn more.

Final thoughts

It’s a challenging environment, but not without opportunities. If you stay alert, control what you can, and keep your plans flexible you’re likely to be well placed to keep your business resilient as the economic picture develops.

If you need help reviewing your costs, cashflow or hiring strategy in light of these changes, we’re here to help.

HMRC Releases Transformation Roadmap

Increased Automation Coming to Tax Services

July seems to have been a month of ‘roadmaps.’ In addition to the roadmap for the Employment Rights Bill covered above, HM Revenue & Customs (HMRC) announced its Transformation Roadmap – a plan to modernise the UK’s tax and customs systems by 2030.

HMRC have said that the aim of the Transformation Roadmap is to make the tax administration system more automated, more focused on self-service and better set up to get things right first time. The roadmap includes more than 50 IT projects, services and measures.

Let’s see what some of these include.

New PAYE service

As part of the Transformation Roadmap, a new online PAYE service will be launched that’s designed to give all UK PAYE taxpayers easier access to their tax affairs. Through their Personal Tax Account or the HMRC app, employees will be able to check and update things like:

- Income details
- Tax codes
- Allowances and reliefs
- Work-related expenses

For employees, this should mean more visibility and control of their tax. For employers, it could mean fewer questions from staff about their tax codes or deductions - especially if you're already fielding those awkward "why has my tax changed?" queries.

If you run payroll or support employees with benefits or expenses, it’s a good idea to keep an eye on these updates. Over time, staff might expect you to understand and even guide them through using these services.

Push for 90% Digital by 2030

HMRC is clear that they feel the future is digital. Their goal is for 90% of customer interactions to happen digitally by 2030.

That means less reliance on letters and phone calls, and more emphasis on apps, online forms, and AI-powered assistants. In fact, HMRC believes they can save £50 million a year just by reducing paper correspondence.

Post will still exist, but only for critical correspondence and those who genuinely need it.

AI and Automation

Artificial Intelligence (AI) is playing a big role in this transformation. HMRC will use it to:

- Help staff summarise calls and cases

- Improve online guidance with digital assistants
- Spot fraudulent documents using biometric checks
- Develop principles for how third-party software (like payroll or tax apps) should interact with HMRC systems

It seems there is a growing emphasis on real-time data and compliance. For example, the introduction of a Digital Disclosure Service will allow taxpayers to correct mistakes more easily - but also means HMRC will have better tools to spot issues.

What Else is Coming Soon: A Few Key Projects

A few measures that HMRC are planning to rollout in this tax year include:

- SMS confirmations for Self Assessment updates and some PAYE services
- A more streamlined process for registering or exiting Self Assessment
- Voice biometrics to speed up telephone verification
- A new option for higher earners to manage Child Benefit charges through their tax code

There's also a focus on tackling offshore tax avoidance, especially among high-net-worth individuals and umbrella companies.

What's Coming Later?

HMRC will be looking at how they can modernise the penalties they charge for late tax payments and will be providing an update on how they plan to do this later in the year.

Other measures that are in the pipeline include:

- Digitising the Inheritance Tax service.
- Allowing agents to submit information that affects a tax code digitally.
- An electronic trade documentation pilot looking at how to improve customs operations.

New legislation is also planned for April 2026 that will make recruitment agencies legally responsible for accounting for PAYE where they use umbrella companies - so if you use workers in such an arrangement that's going to be worth a closer look.

What Should You Do Now?

Here are a few simple steps to consider:

- Encourage employees to activate and explore their Personal Tax Accounts if they have questions about their tax code.

- If you use payroll software, keep an eye on updates from your software provider to make sure your system remains compatible with future HMRC requirements

- Stay informed - we'll be keeping an eye on the rollout and will continue to share relevant updates.

- Plan ahead for compliance - it looks as though HMRC will be quicker to penalise when things aren't done right.

If you're unsure how these changes might affect your business - or you'd like help reviewing your payroll, compliance processes, or digital readiness - we're here to support and help you.

To read the Transformation Roadmap in full, see here.

Windows 10 Is Ending: Are You Ready?

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Advice From NCSC on Upgrading

The UK's National Cyber Security Centre (NCSC) is urging businesses to prepare for the fact that Windows 10 will no longer be supported from 14 October 2025.

If your business still uses Windows 10 on its computers, it's time to start planning your next steps.

Why does this matter?

Once Windows 10 support ends, it won't receive any more security updates. That means if hackers discover a weakness, they can use it to break into your systems - and there won't be a fix. This is exactly what happened in the past with older versions of Windows, leading to major cyberattacks that caused chaos for businesses.

Why aren't businesses upgrading?

One reason is that Windows 10 still feels modern. It still works well for many people and so it's easy to forget it's over 10 years old.

Another issue is that the newer version - Windows 11 - has stricter hardware requirements. In simple terms, many older computers can't run it. If your devices don't meet the minimum standards, you won't be able to upgrade without replacing them.

Why upgrading is worth it

If something's working well for you then there's no doubt that replacing it may seem an unnecessary hassle. There are some advantages to Windows 11 though that may make the effort and money worthwhile.

Windows 11 is designed to be much more secure from the start. It includes built-in features that help protect your business from viruses, hacking attempts, and stolen passwords - often without needing any extra effort from you.

What the NCSC recommends

Although there are still a few months before support for Windows 10 ends, NCSC is recommending that you start planning to move to Windows 11 as soon as possible.

This gives you time to review which computers may need replacing and make the switch without disruption to your business

If you're not sure where to start, speak to your IT provider or support team. The earlier you act, the smoother (and safer) the transition will be.