

LEADERS' PERSPECTIVES

Managing Change:

The Employment Rights Bill and the
Future of Work in the Public Sector

Executive Summary

Confidence strong, but delivery uneven

New research commissioned by Commercial Services Group reveals that most public sector leaders feel positive about their ability to manage the reforms introduced by the Employment Rights Bill.

69% are confident their organisation can adapt to the reforms without major new funding. A similar proportion (68%) feel they already have the skills and systems they need.

But preparedness is uneven. This figure suggests almost a third are unsure about implementation. Also, whilst larger public organisations, especially in health and local government, are pressing ahead, their smaller counterparts and other frontline services describe a more fragile position, constrained by budgets and capacity.

Awareness emerging, understanding still shallow

Across the sector, awareness of the Bill's proposals is increasing, but familiarity remains patchy. Sixty-seven percent (67%) of leaders describe themselves as familiar with the Bill, although around a third admit to little or no knowledge, and detailed knowledge on specific reforms remains limited. Only a minority have an active understanding of individual measures such as changes to statutory sick pay or zero-hours contracts.

Among employees, awareness is at a similar level. Sixty-eight percent (68%) have heard of the Bill, but understanding is still limited, shaped more by media coverage than by internal communication. This highlights the need for clearer engagement within organisations as implementation approaches.

Belief in fairness, but cultural change behind the curve

The reforms are widely welcomed. Both leaders and employees view them as a step towards fairer, more predictable working lives. Ninety-one percent (91%) of employees regard stronger employment rights as important, and three-quarters (75%) support day-one rights not to be unfairly dismissed and 72% support day-one redundancy protection.

Yet the qualitative findings also reveal a cultural lag between intent and practice. Many report that organisations continue to treat compliance with the planned reforms as a technical exercise rather than a catalyst for better management and stronger workforce relationships. Many leaders accept that while the practical changes are clear, embedding them into everyday behaviours and organisational culture will take more time.



Closing the preparedness gap

Sixty percent (60%) of organisations have begun preparing for the new requirements, though progress varies from initial discussions to detailed implementation planning. The greatest operational pressures are expected around statutory sick pay, parental leave, and zero-hours contract reform, each requiring coordination across HR, finance, and workforce systems.

Despite these challenges, the overall outlook remains constructive. Fifty-six percent (56%) of leaders anticipate benefits for recruitment and retention, and 69% employees believe the Bill will have a positive impact on working life in the UK.

The priority for public sector leaders is now to turn that confidence into consistent delivery, translating a legislative commitment into sustained cultural and organisational improvement.

The Changing World of Work

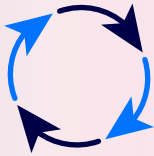
The Employment Rights Bill represents one of the most significant updates to workplace legislation in recent years. It brings together a series of long-discussed reforms designed to make employment fairer, more secure and more flexible across the economy.

For public sector employers, the implications reach far beyond compliance. The Bill introduces new measures on day-one rights, statutory sick pay, parental leave and zero-hours contracts. These are core elements of how public bodies plan and manage their workforce. The reforms will influence how organisations attract, retain and support staff, how they manage resources, and how they demonstrate fairness and accountability to the public.

As part of their ‘Plan to Make Work Pay’, the Government published the Employment Rights Bill in October 2024, which will bring significant changes to employment law in the UK. The Government has committed to a phased implementation, with consultations of the detail of key provisions being scheduled throughout 2025 and 2026, and most of the reforms not taking effect until 2026 at the earliest. According to the Department for Business and Trade, the Bill ‘will represent the biggest upgrade in employment rights for a generation’, designed to make employment fairer, more secure, and more flexible across the economy.



Key provisions of the Bill include:



Restricting Fire and Rehire, and Fire and Replace: The Bill will restrict the use of fire and rehire, and fire and replace, by making it automatically unfair to dismiss an employee for refusing to agree changes to their employment contract, or where the main reason is to replace them with another employee or someone that is not an employee (i.e. Agency worker or self-employed contractor). There will be limited exceptions where the change could not have reasonably been avoided.



Strengthening Trade Unions: Strike ballot and notice requirements will be relaxed, through the repeal of the Strikes (Minimum Service Levels) Act 2023. The trade union recognition process will be simplified, and employers will have a new duty to inform workers of their right to join a union, to be included in the employment contract.



Family Rights: The Bill will remove the current qualifying period for paternity leave (26 weeks) and unpaid parental leave (1 year), ensuring that they both become a day one right. There will be an extension to the right to bereavement leave and parental leave, and protection from dismissal for mothers during pregnancy, maternity leave, or within 6 months of returning to work.



Zero Hours Contracts: For employees on zero-hour contracts, or low hour contracts, the Bill will introduce rights for the employee to be offered guaranteed hours, reasonable notice of shifts, and payments for short notice cancellation of shifts.



Pay, Holiday, and Sickness: Statutory sick pay will be made available to all employees, with no earnings threshold or waiting period. The School Support Staff Negotiating Body will be re-established, and the Bill will provide for the establishment of a Fair Pay Agreement for the adult social care sector.



Public Sector Outsourcing: The Bill will reintroduce the two-tier code, ensuring employees from the private sector working on outsourced contracts are offered terms and conditions broadly comparable to those transferred from the public sector.



Gender pay gap and menopause action plans: The Bill introduces a new requirement for larger employers with 250 or more employees to publish gender pay gap action plans. Menopause action plans will also address the needs of women affected by menopause in the workplace.



Ban on Non Disclosure Agreements (NDA) in harassment/discrimination cases: The Bill will ban employers from using non-disclosure agreements that silence workplace harassment and abuse.



Unfair Dismissal (Proposed 2027): The Bill will remove the 2-year qualifying service requirement for unfair dismissal and ensure workers will have unfair dismissal protection from day one of employment. Employers will, however, be able to operate a probation period of up to 9 months, in which a modified unfair dismissal test will apply.



Flexible Working (Proposed 2027): The Bill will make it harder for employers to refuse flexible working requests. Employers can refuse a flexible working request on specified business grounds, but they will need to consult with the employee and ensure that the stated rejection is ‘reasonable’.



Public services are still contending with high vacancy rates, workforce fatigue and ongoing financial constraints. Against that backdrop, many leaders are already seeking to modernise employment practices, strengthen engagement and build cultures of trust.

The timing is crucial. The public sector is finding it increasingly difficult to recruit and retain staff. In education, around a third of state sector teachers leave within 5 years, and 42% leave within 10 years of starting the profession (TES, 2024). According to the [National Foundation for Educational Research \(2025\)](#), postgraduate secondary recruitment was nearly 40% below target in 2024/25, while primary missed its target for the third consecutive year. Equally, in Local Government, around 94% of councils report struggling with recruitment and retention, most acutely within adult social care, with an estimated 9.9% vacancy rate and 28.3% turnover rate ([Local Government Association, 2025](#)). Last, in the NHS, workforce is low, owing to an excessive workload, unrealistic time pressure, bullying and discrimination. Around 1 in 3 NHS staff frequently think about leaving their job ([The Kings Fund, 2024](#)).

Consequently, public sector leaders are already seeking to modernise employment practices, strengthen engagement and build cultures of trust.

This research, commissioned by Commercial Services Group, explores how prepared public sector organisations are for these reforms and what support they will need to implement them effectively.

The study was conducted in October 2025, with more than 500 senior leaders taking part from across local government, health, education, housing and emergency services. Their insights are complemented by findings from a national survey of more than 3,000 employees in full or part-time work.

All respondents took part anonymously, and the surveys were completed through verified, quality-controlled research panels to ensure accuracy and reliability.

The results point to cautious optimism. Leaders broadly support the aims of the reforms and recognise their potential to improve staff wellbeing, recruitment and retention. Yet preparedness remains uneven, particularly among smaller organisations that have fewer resources and less capacity to plan for change. The task for leadership is to move beyond the technical aspects of compliance and embed the principles of fairness, flexibility and transparency into everyday management and culture.

As the public sector prepares for implementation, the Employment Rights Bill offers both a test of organisational resilience and a chance to shape a stronger, more inclusive future of work. Its success will depend on leadership seeing reform not simply as a requirement to be met, but as an opportunity to build a better workplace for all.

Knowledge of the Reforms

Understanding of the Employment Rights Bill is growing, but remains uneven across the public sector. While most senior figures are aware of the legislation, relatively few have explored its provisions in detail or begun preparing for specific changes.

Among leaders, 67% describe themselves as familiar with the Bill. Awareness is strongest among senior leadership, but significantly lower among those working in mid-management operational, finance, and service delivery roles. This suggests that knowledge of the reforms is still concentrated within those responsible for overall workforce policy not the practicalities of implementation.

Among employees, awareness is comparable, with 68% saying they are familiar with the Bill. However, few report a strong understanding of its contents and many describe their knowledge as general or based on what they have seen in the media rather than formal communication from their employer.

Qualitative comments from the research indicate that both leaders and employees are often drawing information from media reporting rather than from formal organisational channels.

Respondents described hearing about the reforms “mostly in the news” or said they were “waiting to hear from HR” before acting. Many leaders noted that they expect to engage more fully once clearer implementation guidance is issued.

One leader observed:

“There is a lot of talk but not enough clarity about what we will actually need to change.”
Head of HR, Local Government

This gap between basic awareness and developing a clear, detailed understanding of the implications presents a practical risk. Organisations that delay detailed planning could face greater administrative and financial pressures to catch up once the reforms take effect.

The findings also suggest clearer engagement will be needed to reduce uncertainty and build trust among staff. Leaders who communicate with precision and openness can help employees feel informed and involved in the process, laying the groundwork for a smoother transition when the Bill is implemented.



Organisational Preparedness

Confidence among public sector leaders in their ability to implement the Employment Rights Bill is generally strong, although it is not universal. Most believe they have the skills and systems required to meet the new obligations, yet fewer are certain that resources will be sufficient to sustain those changes over time.

Overall, 68% of leaders agree their organisation has the resources and expertise to comply with the new requirements of the Bill. Local Government organisations, especially the larger bodies, report the highest confidence. However smaller service providers report greater pressure on budgets and staffing capacity and many feel they will need tangible support.

Confidence in the ability to implement the Employment Rights Bill without additional government funding varies significantly by role. Senior leaders at leadership level, such as a Chief Executive or Director, are more confident in their organisations ability to implement the Bill without extra Government funding (82%), than either a senior manager or head of service (74%), and a mid-level manager (63%). This disparity could suggest that those closer to operational delivery may have a more cautious view of the practical challenges involved.



Importantly, the research indicates that half of the public sector’s HR leaders lack confidence in implementing the Bill, of which a fifth (18%) were ‘not confident at all’. This could be particularly significant given the central role HR teams will play in implementation. For example, when asked what would best support their organisations in adapting to changes around zero-hours contracts, 44% identified training for HR teams, followed by clearer Government guidance (37%) and legal advice (36%)

Qualitative feedback reveals a consistent pattern; broad support for the intent of reform, tempered by practical concern about cost, time and workload. According to the Government’s Impact Assessment, the policies covered in the Bill will impose a direct cost on businesses of around £0.9bn to £5bn annually. This would represent between 0.1% to 0.4% of the national wage bill. Costs will be proportionately higher for small and micro businesses, owing largely to the fixed costs of administration and compliance.

“It will add further cost pressures that we are not resourced to meet.”

Director, Local Government

“Funding will be the biggest challenge. The intentions are good, but the costs will land on employers.”

Head of HR, Health Sector

Several leaders also reflected that the level of preparation is strongest at a procedural level, but deeper cultural change will take longer.

“We know what we need to do on paper. Embedding it in behaviour will take longer.”

HR Manager, Local Government



The data suggests organisational confidence coexists with recognition of risk. Leaders are clear about the administrative steps required but recognise a gap between compliance and culture. Many see the coming months as an opportunity to build stronger people systems and reinforce values that support fairness and trust.

For public sector employers, the priority will be to maintain confidence while addressing the operational realities of limited funding and workforce capacity. Leadership communication and cross-department collaboration will be key to turning formal plans into practical, lasting implementation.



Implementation and Impact

Public sector leaders broadly expect the Employment Rights Bill to bring positive outcomes for staff engagement, recruitment and retention, although opinions vary on how quickly these benefits will be realised.

Fifty-six (56%) of leaders believe the Bill will improve recruitment and retention within their organisation. Many describe this as a natural outcome of fairer, more transparent employment practices and greater job security. However, many disagree (24%) or are uncertain (21%), reflecting concern that budget limitations and existing pay pressures may constrain progress.

Several leaders emphasised that the legislation could help make public sector roles more attractive by strengthening perceptions of stability and fairness.

“It will improve staff confidence and engagement. People will feel more valued.”

HR Lead, Local Government

“The Bill might help make our offer more attractive, but without better pay it won’t fix the wider recruitment issues.”

Operations Manager, Education

Employee feedback supports this view. Many respondents welcomed the proposals for clearer rights and fairer treatment, noting they would feel “more secure” and “less likely to look elsewhere” if the new protections are implemented.

Yet beneath that optimism, leaders acknowledge the reforms will require careful implementation to avoid unintended strain on budgets, workforce planning, and service delivery. The most frequently cited areas of operational concern include the management of zero-hours contracts, entitlement to statutory sick pay, and parental leave. Of these, the proposal to remove the earnings threshold or waiting period for statutory sick pay had been the most frequently cited as an operational risk (25.2%). According to the Government’s Impact Assessment, up to 1.3 million employees will get a new entitlement to Statutory Sick Pay. This will increase the amount of sick pay workers receive by around £400 million a year.

One director summarised the prevailing sentiment:

“The Bill will raise standards and expectations, but success will depend on how well organisations adapt.”

Director, Health Sector

The overall picture is one of constructive realism. Leaders recognise improved rights can strengthen staff morale and retention, but that these gains will only be sustained through strong management, transparent communication, and clear alignment between policy and practice.



Workforce Culture and Change

Support for the Employment Rights Bill across the public sector is rooted in a strong belief in fairness and the value of a more secure, consistent working environment. Ninety-one percent (91%) of employees describe stronger employment rights as important, and qualitative feedback suggests that the reforms are seen as both a moral and practical step forward.

Many public sector leaders echo this sentiment, recognising the link between fair treatment, staff wellbeing and organisational performance.

However, while enthusiasm for the Bill's aims is widespread, there is also recognition that achieving real cultural change will take time. Several leaders described a difference between what organisations plan to do and what will actually be felt in day-to-day practice.

Employees share this perspective. Many welcome the Bill's intents but question whether new rights will be applied consistently across teams and departments. Some expressed concern that line managers may lack the training or resources to translate policy into fair, transparent action.

Leaders also acknowledge that cultural progress cannot be achieved through legislation alone. Several respondents highlighted the need for sustained leadership attention, investment in staff development,

and clear communication about what the reforms mean in practice.



"We need more training on what this means in reality. Culture doesn't change overnight."

HR Manager, Local Government

Organisational culture will be crucial to the success of the Bill. Fairness, respect and trust already underpin the public sector's values, but leaders now face the task of embedding these principles through consistent behaviour, open dialogue and credible follow-through.



Partnership and Collaboration

Views on how the Employment Rights Bill will affect external partnerships lean towards greater collaboration. Fifty-four percent (54%) of leaders say it will make partnership working more likely, 27% expect no significant change, and 13% anticipate a reduction, often citing concerns about cost and compliance complexity.

These results show a blend of opportunity and caution. Many leaders see stronger employment standards as a basis for closer work with trusted suppliers, while some remain wary of added administration and possible limits on flexibility.

Several participants said the outcome will depend on how the reforms are implemented and interpreted within procurement frameworks.

"It depends how agency work is defined. We may need to review all our agreements."

Procurement Manager, Local Government

"We will work with fewer partners, but they will need to meet higher standards."

Head of HR, Education

Overall, the evidence points to a shift in emphasis rather than a wholesale change. Public bodies are likely to prioritise suppliers that can demonstrate shared values, sound compliance and stable employment practices, while relationships that do not meet these expectations may weaken.

Workforce Experience

Support for stronger employment rights is overwhelming. Ninety-one percent (91%) of employees say improved protections are important to them, reflecting broad endorsement for the principles behind the Employment Rights Bill.

That support extends to specific reforms. Three-quarters (75%) back day one rights not to be unfairly dismissed, and 72% support day one redundancy protection. The findings underline a clear public belief that fairness should apply from the outset of employment.

While 77% agree that zero hours arrangements can be positive when chosen voluntarily, there is broad agreement that they must be managed fairly.

Optimism about the Employment Rights Bill is strong. Two thirds (69%) believe it will have a positive impact on working life in the UK, with only a small minority expecting a negative effect.

There is also cautious confidence in the creation of a Fair Work Agency to enforce rights. Half (49%) of employees trust the agency to act fairly, though many remain undecided. This indicates support for stronger enforcement combined with a measure of uncertainty about how effective the new body will be in practice. According to the [Government Roadmap](#), the Fair Work Agency will be established in April 2026 and initially consolidates existing state enforcement functions to tackle non-compliance with UK employment law. Its powers will include conducting workplace inspections, issuing civil penalties for underpayment, providing legal representation and advice in employment, issuing enforcement orders, and recovering costs from enforcement action. However, it is unclear how much funding will yet be available to strengthen the Fair Work Agency's resources in enforcing employment law.

Taken together, these findings point to a workforce that is broadly optimistic but still looking for proof of delivery. The reforms are welcomed as a foundation for more predictable, respectful and secure work, but much will depend on how consistently they are applied across different sectors and employers.

Leadership Priorities

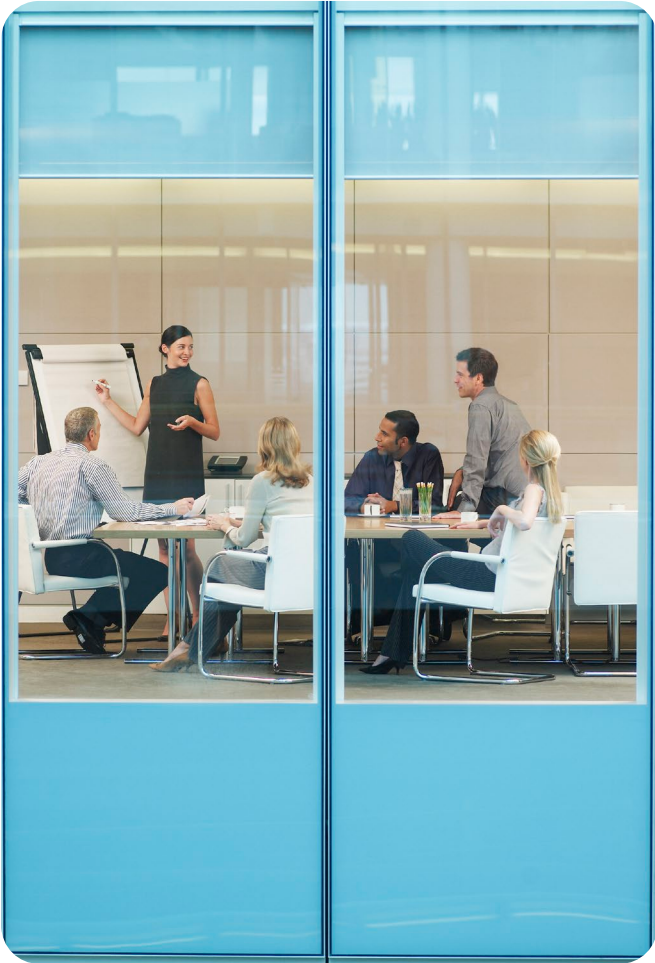
The findings from this research show a public sector that is largely aligned on the principles of the Employment Rights Bill but divided in its capacity to implement them. Leaders recognise the reforms as a vital opportunity to strengthen fairness, modernise employment practice and rebuild trust between employers and staff. Yet the data also reveal clear gaps in preparedness, resources and communication that will shape how successfully these reforms are delivered.

Three leadership priorities emerge clearly from the evidence.

1. Turning awareness into understanding

While awareness of the Bill is high, detailed understanding remains limited. Two-thirds (67%) of leaders describe themselves as familiar with the reforms, but detailed understanding remains uneven and qualitative feedback suggests many are still waiting for formal guidance before engaging staff. For successful implementation, leaders will need to move beyond passive awareness and provide clear, accessible information about what the changes mean in practice.

Internal communication, particularly with operational teams and line managers, will be crucial. Employees repeatedly said they were “waiting to hear from HR” or had learned about the reforms “mostly in the news”. Consistent, transparent messaging will help reduce uncertainty and ensure the reforms are introduced in a way that builds confidence rather than confusion.



2. Managing resources and capacity

Although most leaders (68%) believe their organisation has the resources and expertise to comply, qualitative feedback points to financial strain and uneven readiness. Concerns about cost, workforce capacity and administrative burden were especially evident in smaller organisations.

Leaders in larger public bodies were generally more confident, but many acknowledged that ongoing budget pressures could limit sustained delivery. Maintaining confidence will therefore depend on targeted planning, cross-departmental coordination and early identification of where additional support or funding may be required.

3. Embedding fairness and culture change

The most consistent message across both surveys is that lasting success will depend not only on compliance but on culture. Leaders and employees alike see fairness, predictability and respect as central to a modern public sector workplace. As one Head of People in Education observed: “Policies are the easy part. Changing how managers think and act is the real challenge.”

Embedding the principles of the Bill into everyday management will require visible leadership commitment, practical training for line managers and credible follow-through when new policies are introduced.

The Employment Rights Bill offers public sector employers the chance to lead by example in shaping the future of work. The reforms are widely supported by staff, and most organisations have the foundation to deliver them effectively. The next step is to turn that support into sustained action, ensuring that fairness, flexibility and security become defining features of public service employment in the years ahead.





Conclusions and Recommendations

The research demonstrates a sector that shares strong support for the Employment Rights Bill and a commitment to delivering its intent. Across both leadership and workforce audiences, there is a consistent belief that stronger rights and greater fairness will enhance recruitment, retention and staff wellbeing.

Yet confidence alone will not ensure success.

While most organisations believe they have the expertise to comply, resource limitations, uneven awareness and cultural inertia could slow progress. The findings suggest being prepared is as much about mindset as mechanism, with success depending on clear communication, confident adaptation and the embedding of reform within organisational identity.

Key conclusions:

- **Reform is welcomed, but preparation is uneven.** Larger public bodies are generally better equipped, while smaller organisations face sharper capacity constraints.
- **Understanding must deepen.** Awareness is widespread, but detailed comprehension remains patchy, particularly among middle managers and operational teams.
- **Cultural change is essential.** Employees value fairness and stability, but many are sceptical about whether these values will be consistently practised.
- **Partnerships are being reassessed.** A more selective, standards-driven approach to agency and recruitment partnerships is emerging.

RECOMMENDATIONS FOR PUBLIC SECTOR LEADERS

1. Strengthen internal communication and engagement.

Move beyond compliance briefings to structured dialogue with staff. Clear, accessible explanations of rights and responsibilities will improve understanding and build trust.

2. Assess and address capability gaps early.

Undertake audits within HR, legal and finance functions to identify areas requiring investment, training or additional capacity.

3. Lead culture from the top.

Senior leaders should set expectations that fairness and respect are strategic priorities, supported by practical management training and accountability measures.

4. Align partnerships with values.

Review third-party employment and recruitment relationships to ensure external partners meet the same ethical and operational standards expected internally.

5. Monitor impact and share learning.

Establish metrics to track progress on retention, employee satisfaction and compliance, and share good practice across organisations and sectors.



The Employment Rights Bill marks a significant turning point for workforce policy in the UK public sector. Its success will depend on how effectively organisations translate policy into practice, balancing fairness with flexibility and ensuring that compliance delivers meaningful cultural change.

As the research confirms, the foundations are strong. Public sector employers are willing, capable and motivated. The challenge now is to sustain that momentum and embed reform in a way that strengthens public service workforces and the communities they serve.



ABOUT COMMERCIAL SERVICES GROUP

Commercial Services Group (CSG) delivers a vast range of products and services to customers in education, local government, housing and health. But across our 33 businesses we have one clear vision: to create value and impact for every customer, every day. We do that by working collaboratively and commercially. This in turn drives innovation and service excellence.

As one the UK's largest publicly owned, privately run business, we offer the best of both worlds – a clear focus on commercial expertise and leading-edge thinking, alongside a deep commitment to transparency, compliance and social value. Our profits provide sizeable returns to the public purse but that's just one part of our story. Ultimately, everything we do creates better places for people to live, learn and thrive.



Commercial
Services Group

Find out more about our work across
Local Government and other sectors at:
commercialservices.org.uk

Creating impact