



Protection & Conduct

Fair Work Agency - Employer Overview Guide

What SME employers need to know

INTRODUCTION

The UK Government has announced plans to introduce the Fair Work Agency as part of wider employment rights reforms. The intention is to bring together enforcement of certain workplace rights into a more coordinated system.

For small and medium-sized employers, the key issue is not the structure of the agency itself, but ensuring day-to-day employment practices are compliant and properly documented.

WHAT IS THE FAIR WORK AGENCY?

The Fair Work Agency is expected to act as a central enforcement body for a range of employment rights. Its role will focus on improving compliance and ensuring workers receive the rights they are entitled to.

This may include enforcement activity in areas such as:

- Statutory pay requirements
- Holiday pay compliance
- Minimum wage obligations
- Worker status issues
- Record keeping
- Working time rights

The aim is to simplify enforcement and increase consistency across workplaces.

WHY THIS MATTERS FOR EMPLOYERS

Most enforcement issues affecting employers arise from:

- Outdated contracts or policies
- Payroll errors
- Incorrect holiday calculations
- Worker status misunderstandings
- Poor record keeping
- Informal workplace processes

The introduction of a central enforcement body is likely to increase awareness and scrutiny of these areas.

WHAT EMPLOYERS SHOULD DO NOW

Employers do not need to make major structural changes, but should ensure basic compliance foundations are in place.

Practical steps include:

- Reviewing employment contracts
- Checking holiday pay calculations
- Confirming minimum wage compliance
- Ensuring sickness and SSP processes are clear
- Maintaining accurate employment records
- Training managers on employment basics

Small compliance improvements now can reduce risk later.

RECORD KEEPING MATTERS

Clear documentation is one of the most important protections for employers. Organisations should be able to demonstrate:

- What employees are paid
- How holiday entitlement is calculated
- How sickness absence is recorded
- Working hours where relevant
- Contractual terms

Simple, consistent records significantly reduce compliance risk.

FINAL THOUGHT

The Fair Work Agency is intended to strengthen enforcement of existing rights rather than introduce entirely new obligations. For most employers, preparation is about ensuring employment practices are clear, consistent, and documented.

This guide provides general information only and does not constitute legal advice.

Need Help?

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