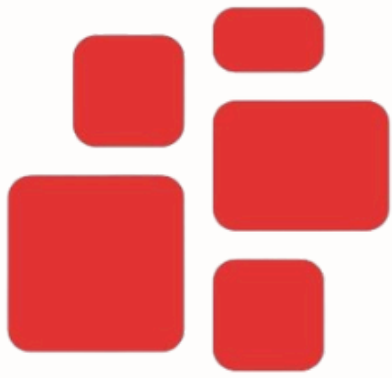




The employer's guide to HR software



Are you managing all of your employee documentation and data in folders, spreadsheets and emails?

Many small businesses manage people this way.

It works well enough when your team is small but at some point it stops working. And you usually find out the hard way.

HR software won't prevent every people problem. But it does mean that when something goes wrong, you have the records to protect yourself.

Why you need HR software now more than ever

The legal landscape around record-keeping has shifted and small businesses are not exempt.

From April 2026, you are legally required to keep annual leave and holiday pay records for six years.

The Fair Work Agency, launched in April 2026 as a single enforcement body for labour market rights, now has the power to inspect your records and audit your compliance. If those records don't exist or can't be produced, you have a problem.

On top of that, from January 2027 the qualifying period for unfair dismissal protection drops from two years to six months. That means employees will gain the right to challenge a dismissal far earlier in their employment than before. Documentation, fair processes and clear decision-making will need to be in place from the outset, not just once someone has been with you for a couple of years.

What HR software actually does

At its core, it handles:

- GDPR compliance
- Employee records, including contracts, right-to-work documents, job descriptions and any updates to employment terms
- Absence management, so sickness is tracked, return-to-work notes are stored and patterns become visible over time
- Holiday and leave management
- Onboarding and offboarding, with automated task lists, document issuing and checklists
- Performance management, including one-to-ones, probation reviews and objectives
- Policy storage, with acknowledgement tracking
- Reporting and people insights



Tribunal time limits are also set to increase from three months to six months from October 2026. In practice, that means a claim can land on your desk many months after an incident and you'll need evidence of what was said, decided and recorded at the time.

A vague recollection and a few emails won't be enough.

None of this is designed to scare you into action. It's just the reality of managing people in 2026 and beyond, and a decent HR system makes all of it far more manageable.

The cost of not having it

Here's what running HR on spreadsheets and memory typically costs:

- **Time** spent manually tracking absences, chasing holiday requests and updating employee records
- **Evidence**, because conversations and decisions that weren't written down simply didn't happen as far as a tribunal is concerned
- **Money**, because absence patterns you can't see lead to staffing decisions you can't justify
- **Legal exposure**, because poor record-keeping is one of the most common reasons a defensible employment situation becomes an expensive one

The longer you wait, the more records you'll have to retrospectively create or, more likely, won't be able to.



What to look for when choosing HR software

There are a lot of HR software systems out there and they are not all built the same.

Things to consider when choosing:

1. Absence and leave records

The most important thing is that absence and leave records are reliable, auditable and easy to retrieve.

With a six-year retention requirement now in place and the Fair Work Agency able to request records at any point, your system needs to do more than just log data. It needs to store it in a way that holds up to scrutiny.

2. Sickness leave

Look for a system that tracks sickness absence properly, including return-to-work notes, patterns over time and any actions taken – especially important with unfair dismissal protections now kicking in at six months.

3. Document storage with e-signatures

Document storage with e-signatures is worth prioritising too. Contracts, policy acknowledgements and any changes to terms should all be stored in one place, linked to the employee and easy to pull up if a claim lands months after the event.

4. Ease of use and intuitiveness

Consider how intuitive the system is for you and your team. If employees can log in and manage their own holiday requests, update their details and access their documents, that reduces admin and creates a clearer trail at the same time.

5. Useful reporting

Reporting matters, but only if it gives you something useful. The ability to spot trends in absence, track who has acknowledged which policy and see where documentation gaps exist is far more valuable than dashboards full of charts you never look at.

How to get started

You don't need to migrate everything at once or spend months setting up a perfect system before anyone logs in.

A sensible starting point is the basics: employee records, absence tracking and holiday management.

Those three functions alone will reduce admin time and give you the audit trail you need if something goes wrong.

From there, you can add modules as your needs grow. Performance management, onboarding tools and detailed reporting can come later, once the foundations are in place.

An HR consultant can help you to choose the right system for your size and sector, set it up in a way that's actually usable and make sure that it's configured to keep you compliant from day one.

If you're still running HR on spreadsheets and emails, get in touch and we'll show you what's possible.

Get in touch



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