

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 it 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, which is the body responsible for enforcing employment 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.

Beyond that, unfair dismissal rights now kick in from day one of employment. That means documentation matters from the very first week, before anyone would have thought to start a paper trail.

Tribunal time limits have also extended to six months.

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



What that means in practice is that a claim can land on your desk half a year 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 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.

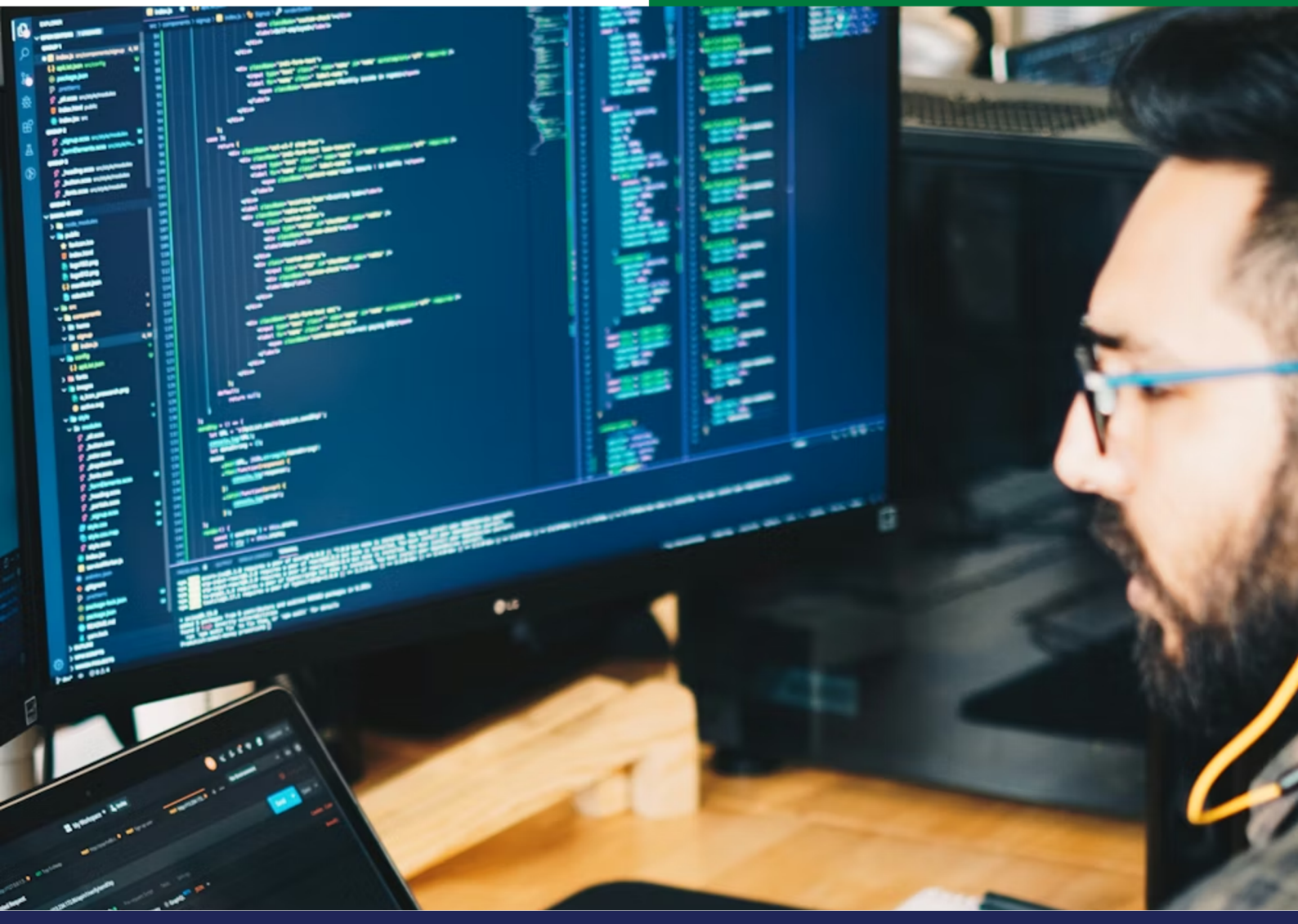
What to look for when choosing HR software

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

Things to consider when choosing:

- Ease of use and intuitiveness
- Ability for employees to log-in and self-serve
- Document storage with e-signatures
- Reporting that gives you something useful, not just charts and numbers
- UK employment law compliance built in
- Good setup support

The best system for your business is the one that your team will actually use. Simplicity and reliability matter more than a long list of features you'll never touch.



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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