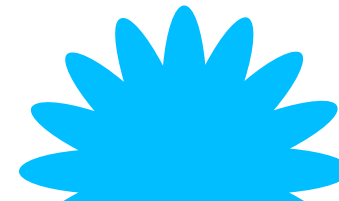
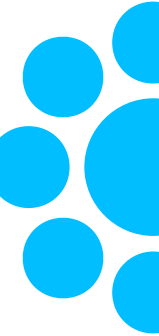
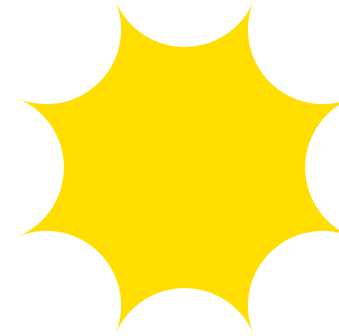
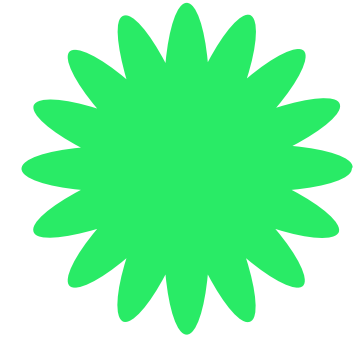
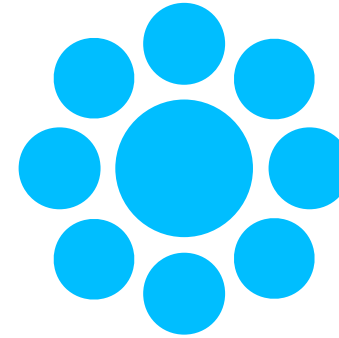


HR done differently

# The love-hate relationship between HR and AI.

Why a bespoke, human-first approach will define success in 2026

**hoomph**<sup>™</sup>



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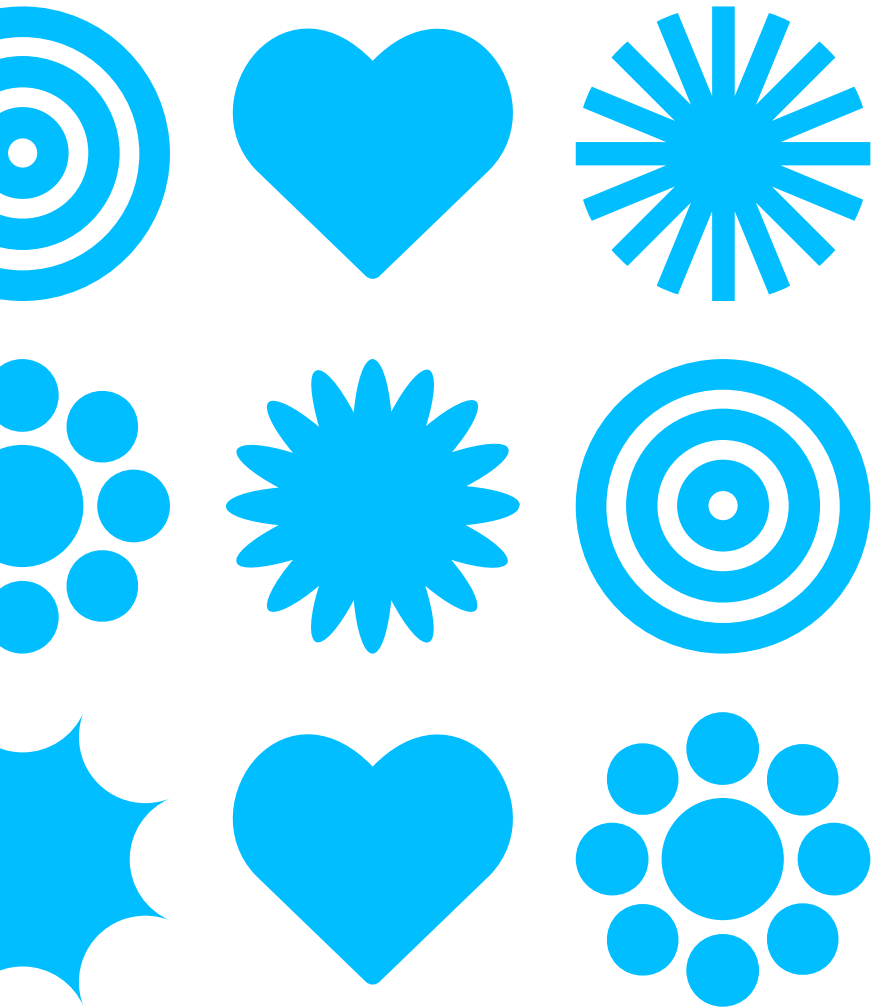
Why a bespoke, human-first approach will define success in 2026

# The bigger picture



The opening months of the year often place heightened demands on HR. While decisions made during annual planning begin to play out and managers look for direction, longstanding issues around engagement and wellbeing often sharpen in focus. All the while, HR leaders must navigate tighter budgets, evolving regulations, and intensified expectations from employees. At the same time, the start of the year brings an empowering sense of momentum.

## The love-hate relationship between HR and AI



## Why a bespoke, human-first approach will define success in 2026

With attention aligned around new priorities and a natural organisational reset, HR has a valuable window to set direction, strengthen ways of working, and shape how support is delivered in the months ahead.

In such a complex environment, AI has become a critical support – and its benefits span well beyond recruitment. New technology is also increasingly alleviating administrative burdens across the employee lifecycle and streamlining the creation, updating, and distribution of key policies. Plus, by supporting the surfacing and analysis of rich data, it's proving particularly useful in improving workforce insight and absorbing much of the operational strain that previously consumed already-stretched teams. As such, for many businesses, AI now underpins how HR functions at scale.

Yet the impact of this shift is not purely operational. And crucially, it's not always a clear 'win' either. Inadvertently, as technology accelerates, expectations on HR have never felt more 'human'. In fact, employees are now increasingly looking for personalised support, benefits that reflect individual circumstances, and workplaces where wellbeing, inclusion, and psychological safety are woven into everyday experience rather than treated as standalone initiatives. This creates a defining tension for HR in 2026 – a quiet love-hate relationship. While AI brings speed and efficiency, it cannot offer judgment, empathy, or strategic balance. The teams that move forward with confidence will be those that strike the right match: using AI to create capacity and empower data-backed decisions, while plugging human expertise to meet the needs of their people and guide high-stakes decisions.

This guide is here to tell you how to get there. Distilling decades of expertise and lived learnings into one straight-talking resource, we'll walk you through the pressures shaping today's HR agenda, what employees want from HR, where AI is proving its worth, and how leaning on a highly experienced, human-first HR partner can drive greater success in the months ahead. As ever, if you have any questions about what you read, we're here to help. Otherwise...

Happy reading,  
**Sarah Stevens**  
Founder and co-director  
hoomph

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# Why pressure builds for HR as the year takes shape



While January can feel like a moment of steady integration and calm reset for some parts of the business, it presents a particularly tricky time for HR leaders. Managing a productive return to work sits at the top of the agenda, ensuring people are present and productive after the break, while implementing the right wellbeing strategies to help teams regain momentum without burning out. But this is only a fraction of the picture.



January is also when the year's people plans become real – and HR leaders are held accountable for their delivery. With budgets already confirmed and headcounts signed off, recruitment strategies that were modelled late in the previous year move from pipedream plans into live hiring activity. Beyond finding the most qualified and culturally aligned candidates, HR teams are expected to ensure hiring decisions support both immediate demand and longer-term capability needs, requiring strategic foresight that looks beyond the here and now.

At the same time, HR is resetting the foundations that underpin day-to-day working. Policies are tested as normal working patterns resume, performance conversations are reconvened, and employee concerns that were parked over the festive period begin to resurface – all of which must be managed with equal care and attention. For many organisations, this is also when early indicators of burnout and disengagement become visible. The sharp transition from leisure to full work intensity can create a form of reverse culture shock for employees, heightened by dark mornings, short days, post-Christmas financial pressures, and the sudden arrival of new targets.

By February, the cumulative impact of this activity tends to show. Recruitment pressure

intensifies as the hunt for capable talent continues, absences rise amid ongoing wellbeing challenges, and managers begin to lean more heavily on HR for support. All the while, employees become more vocal about flexibility, fairness, and benefits – particularly against the backdrop of intensifying economic pressure and growing cost-of-living concerns. And as the regulatory landscape continues to evolve, so do expectations surrounding care and compliance. HR teams are not only responsible for meeting new day-one employment rights and managing risk appropriately, but for ensuring those standards are applied consistently and humanely across the organisation, necessitating a more rigorous and often admin-heavy approach to people processes, documentation, and decision making.

The challenge for HR is therefore not solely about volume, but overwhelm and overlap – balancing a mountain of competing pressures without the time or resources to step back for breath. Yet, decisions made in this period carry significant weight, shaping engagement, retention, and organisational resilience well beyond the first quarter. How HR teams are supported earlier in the year therefore determines how sustainable the rest of the year will feel for the business as a whole.

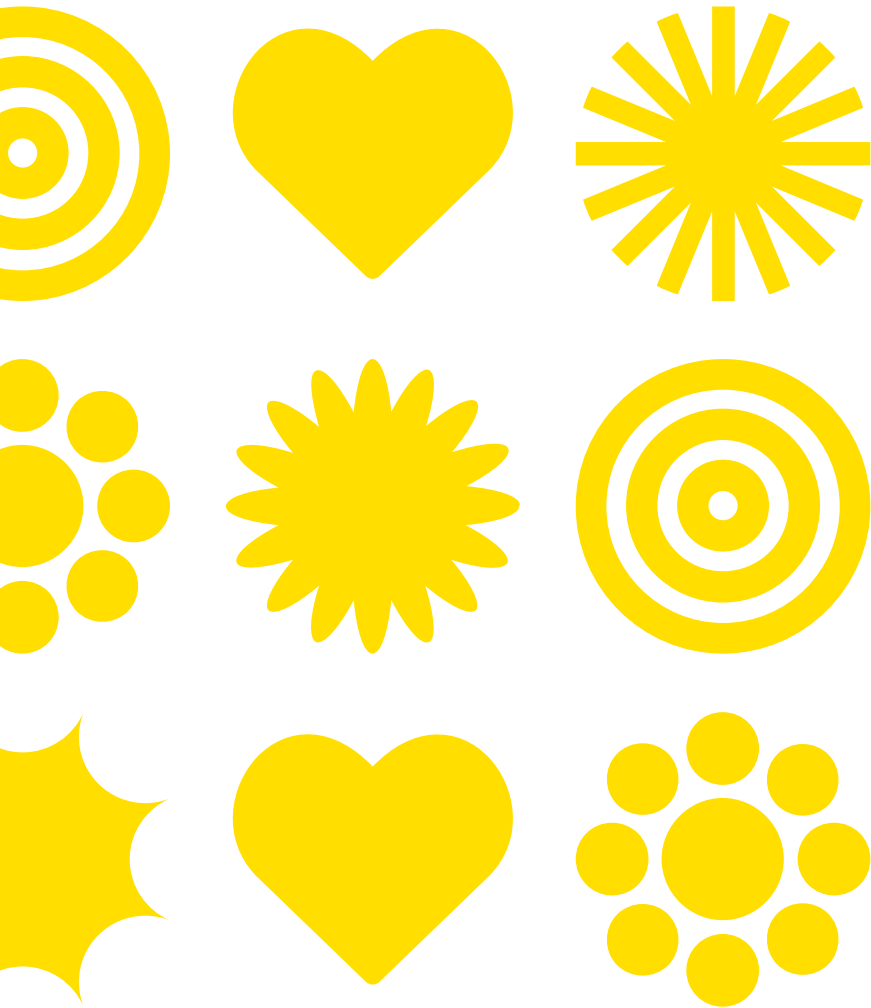
The love-hate relationship between HR and AI

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# How AI makes things easier (and harder) for HR



For many HR teams, AI is no longer a nice-to-have tool they're experimenting with, but a core component of modern HR infrastructure. Particularly early in the year, when pressure is at its peak, this technology has become the engine that keeps critical people functions moving. In recruitment, AI now often handles the heavy lifting – filtering high volumes of applications, coordinating interviews, automating assessments, and supporting candidate shortlisting at speed. What once stretched already-limited capacity can now be managed far more efficiently, helping HR teams stay afloat during intense hiring cycles.



These benefits extend far beyond recruitment too. AI-powered tools are also giving HR clearer visibility of their workforce, from mapping skills and highlighting capacity gaps to supporting more informed workforce planning. In some cases, AI can even surface early signals around attrition or wellbeing that might otherwise be missed. This insight is invaluable for HR leaders. It sharpens thinking and strengthens decision making, helping teams prioritise where their attention is genuinely needed. And, because it's rich with data to evidence these pressures, it also supports more honest conversations with the wider business at board level – particularly crucial when balancing people needs against commercial challenges.

However, AI is not omnipotent. As technology absorbs more of the operational load, expectations on HR are rising. With state-of-the-art tools now tackling more of the 'doing', leaders are increasingly expected to focus on strategic judgement: advising on future roles, shaping early-career programmes, and making people-centred decisions technology alone can't deliver. More than data and dashboards, these areas require deep-rooted expertise and unflappable confidence born from years, if not decades, of frontline experience.

From an employee perspective, this human distinction matters. While AI can prompt action

or flag risk, it cannot replace the reassurance of a trusted conversation. It can't sit in the room when someone is struggling with mental wellbeing or weighing up childcare challenges. And it certainly can't be the critical friend, asking difficult questions to encourage deeper reflection and constructively guide you through challenge. Ultimately, people want HR support that feels personal and grounded in understanding – someone who recognises the nuances of their situation, can interpret policy with genuine empathy, and offer impactful solutions that fit the individual rather than the template.

This is where AI both helps and hinders HR. It creates breathing space during high-pressure periods and brings structure to everyday decision making. But without strong human oversight, it can also distance HR from the very people it exists to support. The most effective HR functions recognise this tension and use it to their advantage: leveraging AI to create space, and then filling that space with human judgement – listening, advising, and making thoughtful decisions that technology can inform, but never fully replace.

The love-hate relationship between HR and AI

Why a bespoke, human-first approach will define success in 2026

# The shift to skills-based work and rethinking early-career pathways



Traditional job titles and linear career paths are rapidly losing relevance. In their place, organisations are beginning to look at what people can actually do – and where they might add the most value. Skills-based models, supported by AI-enabled human resources information systems (HRIS), are helping HR teams map capability across the workforce, spot gaps early, and make more informed decisions about where to invest in development. Beyond changing how work is structured, this shift is shaping who gets access to opportunities and when.

This brings a renewed sense of clarity for HR, but it can also make things more complex. While skills data can highlight potential beyond a job description, it also requires judgement to interpret it fairly and use it well. Decisions about who to develop, redeploy, or promote can no longer rely on role tenure alone. They demand a more thoughtful approach that balances business need with individual aspiration, and avoids reinforcing bias through poorly applied data.

At the same time, AI is prompting a delicate rethink of early-career pathways. As automation becomes savvier and takes over routine tasks, the number of traditional junior roles is shrinking. To maintain a strong and sustainable talent pipeline, HR teams are under pressure to get creative about how less experienced employees enter and progress through the organisation instead. Increasingly, the focus is shifting from simply filling positions to mapping future business needs, identifying critical capabilities, and designing development plans that help people progress more quickly into meaningful, higher-value work.

When done well, this approach delivers more than workforce agility. Clear progression, targeted development, and visible mobility reduce uncertainty for early-career employees, addressing some of the key reasons people leave in the first few years in post. It becomes a retention and wellbeing strategy as much as a talent one, helping organisations prepare for the future while giving people confidence there is a place for them within it.

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Why a bespoke, human-first approach will define success in 2026

# Navigating a new regulatory era with confident, human judgement

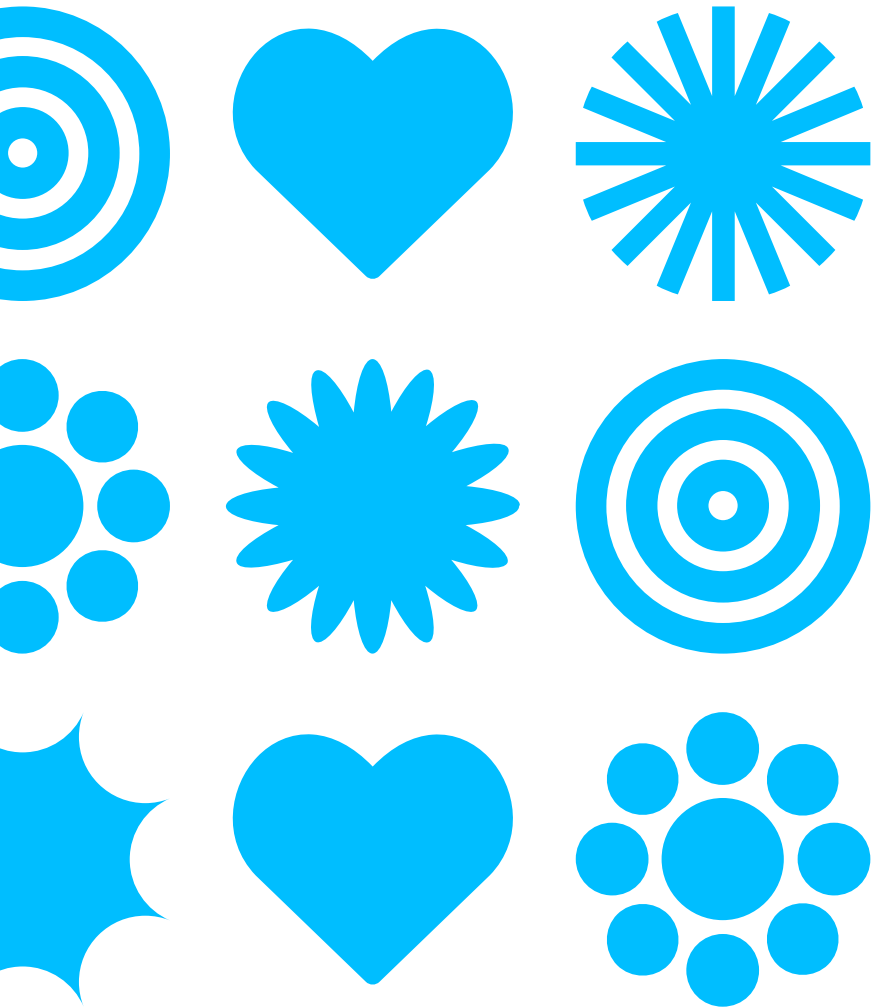
A man and a woman are sitting at a desk in an office, smiling and looking at a laptop. The man is on the left, wearing a green shirt, and the woman is on the right, wearing a white shirt. They appear to be in a collaborative work environment. The background is slightly blurred, showing office furniture and windows.

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Alongside major shifts in how organisations hire, support, and develop their people come extensive reforms to employment law, set to dramatically reshape HR in 2026. New day-one rights, tougher penalties for mishandled redundancies, increased union protections, and the introduction of a Fair Work Agency all raise the standard expected of employers.

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Why a bespoke, human-first approach will define success in 2026

The Employment Rights Act, which received Royal Assent on 18 December 2025, will benefit more than 15 million workers across the UK with a modern framework designed to keep people in jobs, support productivity, and enhance living standards. New day one rights are among the more significant changes, allowing 32,000 more dads and partners each year to take paternity leave, and 1.5 million more parents to take unpaid parental leave – key for families juggling the demands of modern work with raising children.

Meanwhile, workers can be more confident in the security and dignity of their roles too. With increased employee protection from unfair dismissal, the Act will entitle workers to raise a claim six months after starting a new job, rather than having to wait for two years. The time limit for bringing claims to an employment tribunal will also increase from three to six months. For employees, this creates greater time and confidence to raise concerns, seek advice, and pursue resolution at a measured pace. However, for employers, it extends the period in which issues may surface formally, reinforcing the importance of clear processes, consistent decision making, and early, well-documented intervention.

Additional reforms include strengthening Statutory Sick Pay by removing the Lower Earnings Limit and the waiting period, introducing a new right to unpaid bereavement leave – including allowing employees to take leave for pregnancy loss at any stage, replacing the currently stated ‘after 24 weeks’ – and working with to improve gender equality by requiring large employers to produce action plans, setting out how they are addressing the gender pay gap and supporting employees through menopause.

In a bid to end exploitative zero-hour contracts, which have risen to more than one million over the past decade, officials have also introduced a range of legislation, ranging from the right to reasonable notice of shifts to compensation if their shifts are cancelled at short notice.

The landmark Act will be deployed across a two-year period, with further reforms expected in April and October 2026. Yet, while it brings a welcome and long-awaited update for employers, it also poses a number of challenges that must be navigated effectively by HR teams. Compliance now demands clearer processes, stronger communication, and consistent people management across the entire organisation. And, while it’s difficult to know exactly how the new rules will take shape contractually, HR leaders must be proactive and confident in enforcing them accordingly.

“With so many sweeping changes taking effect this year, regulation can’t be treated as a background HR function – it has to be embedded into every stage of the employment lifecycle. More importantly, leaders shouldn’t be hesitant or reactive in how the new rules apply. At a time when job recovery is stalling and organisations are under pressure to deliver both productivity and stability, early preparation will be key to building trust and confidence across the workforce.

Employers and HR leaders have a crucial role to play here. Staying up to date with legislation is only the starting point; HR teams need to map the timeline of reforms, identify which changes matter most to their organisation, and build clear internal roadmaps to guide successful implementation. Beyond updating company

policies, this means communicating relevant reforms with total clarity and genuine human understanding.

By creating workplaces where major life events and personal challenges are supported rather than penalised, organisations can meet their legal obligations while strengthening engagement and retention in the long term. This is where experienced, strategic oversight really matters – balancing risk, fairness, and business objectives, while ensuring human judgement remains central to every people-based decision.”

**Lisa Hallewell**


Founder and co-director  
hoomph



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Why a bespoke, human-first approach will define success in 2026

# Wellbeing, inclusion, and the end of one- size-fits-all HR

A photograph of four diverse professionals in a modern office setting. On the left, a woman with dark hair in a ponytail, wearing a light-colored top and dark pants, stands with her hand on her hip, smiling. Next to her is a woman with long brown hair and glasses, wearing a white blouse. In the center is a man with a beard and glasses, wearing a dark sweater. On the right is a woman with blonde hair and glasses, wearing a light-colored sweater. They are all looking towards a laptop screen in the foreground, which is partially visible. The background shows a modern office interior with wooden walls, a hanging light fixture, and some plants.

No longer a cultural extra visited only when time and budget allows, employee wellbeing has become a strategic imperative for organisations today. Employees view support for their physical health as a basic necessity, whether it's a common illness such as the flu, ongoing musculoskeletal injuries like neck strains or back pain, or a long-term condition such as epilepsy or Crohn's. But this isn't the only priority among the modern workforce.



## The love-hate relationship between HR and AI

## Why a bespoke, human-first approach will define success in 2026

Increasingly, mental and financial wellbeing – alongside inclusion and psychological safety – are central to attraction, retention, and performance. Employees want to feel safe raising concerns, asking for adjustments, and bringing their whole selves to work without fear of stigma or penalty. At the same time, cost-of-living pressures mean financial security and flexibility matter more than ever. Rather than generic policies designed for one-size-fits-all personas, people expect support that reflects their life stage and individual circumstances implicitly.

Across organisations, this mindset shift is the driving force behind more bespoke and responsive people practices – including earlier mediation, flexible working adjustments, and tailored employee benefits such as enhanced family leave and private health plans.

While AI plays a clear role in driving efficiencies across the HR workload, this is one instance where technology simply can't take the reins. Unable to demonstrate situational awareness and monitor behavioural changes in team members, it can't check in sensitively with employees or plug lived experience to help navigate the situation professionally. And, by its very nature, it can't demonstrate the empathy or understanding needed to build rapport with employees. Equally, HR leaders can't operate on gut feeling or guesswork. This is where structured assessments, like our People Health Diagnostic, prove to be an invaluable foundation.

The love-hate relationship between HR and AI

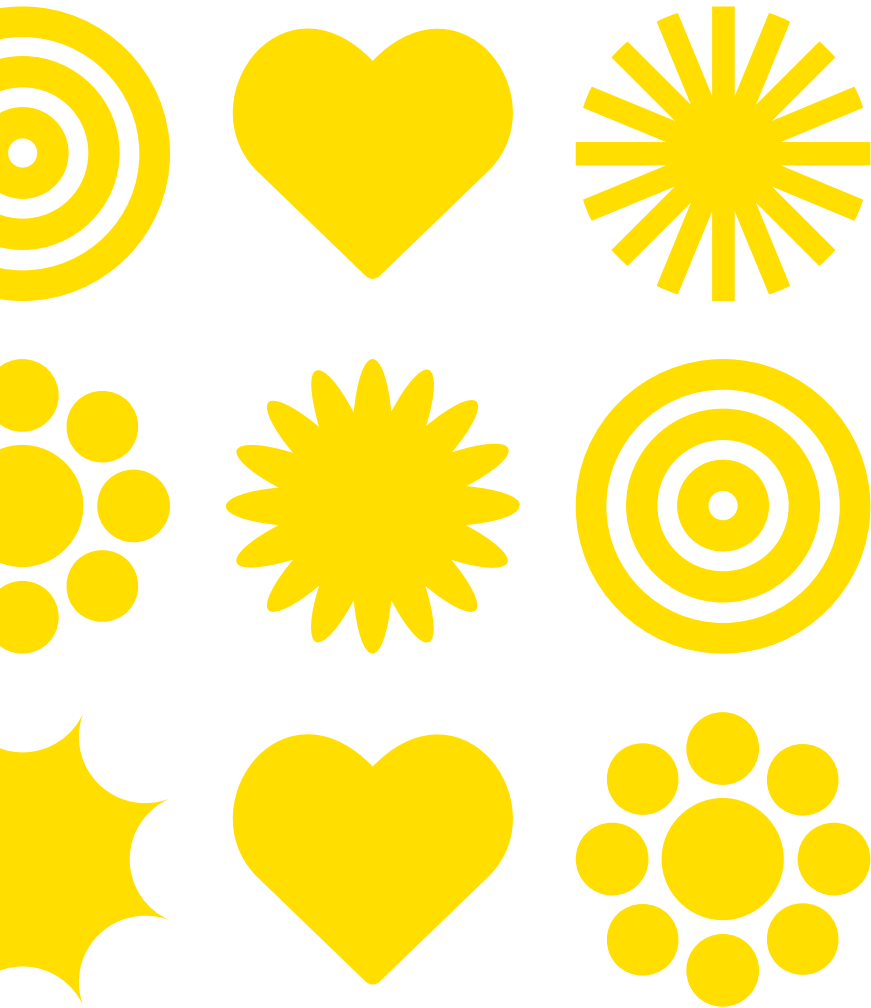
Why a bespoke, human-first approach will define success in 2026

# The power of a People Health Diagnostic



Creating a holistic view of a company's organisational structure and HR strategy, our People Health Diagnostic paints a clear, data-backed picture of how its people function operates in practice – and how this experience translates to employees on a cultural level. The goal is twofold: to celebrate the successes and home in on what works, while uncovering opportunities to tweak the dials and drive more commercially geared outcomes.

Here's a snapshot of the process and how it benefits your business:



### 1. Diving into organisational structure

Reviewing your organisation's design, leadership setup, and people team structure (if applicable), we start by understanding how well your people infrastructure aligns with your business goals, so you can make evidence-based decisions about how to optimise roles and responsibilities to drive growth.

### 2. Examining core HR functions

Our experts explore the HR functions that most influence performance and employee experience within your business, including: talent acquisition and recruitment; performance and development; compensation and benefits; diversity, equity, and inclusion; people processes and HR technology; and documentation and compliance. At this stage, leaders gain a grounded view of the systems shaping capability, engagement, and growth, enabling them to prioritise changes that will have the biggest and most immediate impact.

### 3. Understanding culture and behaviours

Focusing on collaboration and communication, this step includes assessing whether values translate into behaviours, whether managers are equipped to lead effectively, and whether everyday practices support or obstruct

organisational ambition. This often reveals the difference between how leaders think work happens and the reality employees experience day to day, making sure any interventions are designed to meet the needs of your team head on.

### 4. Turning insight into action

The project concludes with targeted recommendations and a high-level roadmap, distilling our findings into clear priorities and showing where focus will deliver the greatest growth impact. If you need support implementing our recommendations, our People Health Diagnostic can also be followed up with optional add-on services – from one-off projects to retained fractional HR support – to help you turn insight into lasting impact.

### 5. Staying on track with follow-up support

To get the most from your People Health Diagnostic, we recommend following it up with implementation support or a second diagnostic around six months later. This keeps momentum alive, helps you track progress, and ensures priorities stay aligned as your business evolves – especially during periods of growth or strategic change.

The love-hate relationship between HR and AI

Why a bespoke, human-first approach will define success in 2026

# Want to get a head start?

Talk to our experts to identify gaps and remedy quick-win priorities.



“hoomph’s People Health Diagnostic allowed us to independently and externally assess our HR setup to help us reset our plans and move forward. As a fast-growing startup, with processes that had evolved organically over time – but with only a single source of HR input previously – we were able to validate our current practices and, importantly, set a clear roadmap for our next steps. We plan to revisit this initiative periodically in the future to ensure we’re on track and advancing our people agenda. We’re also continuing our partnership with hoomph, who have since supported us with implementing some of these recommendations.”

Gloria Kayani,  
chief executive officer at Cyte

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Why a bespoke, human-first approach will define success in 2026

# A match made in heaven: how fractional HR can propel your people function



In an already monumental year for HR teams, long-awaited regulatory reforms are landing alongside mounting pressure to balance AI adoption with strong human judgement, rising expectations for personalised employee support, and the ongoing challenge of doing more with less.

The love-hate relationship between HR and AI

Why a bespoke, human-first approach will define success in 2026

Yet, despite the added cyclical pressures of the early year, HR leaders are still expected to remain unflappably confident in their decision making, while delivering on their promises to employers and employees alike. It's enough to test even the most experienced professionals.

But as budgets tighten and headcount remains under scrutiny, bringing in a full-time senior HR hire isn't always a viable or proportionate option. This is where fractional HR truly proves its worth. Offering access to strategic HR leadership on a flexible basis, fractional HR provides a second pair of hands (and another highly experienced brain) exactly when and where it's needed – without the cost or complexity of an in-house hire. From navigating regulatory change and embedding wellbeing and inclusion to effectively balancing the benefits of AI, fractional HR is the secret to people-powered growth that scales.

But don't simply take our word for it...

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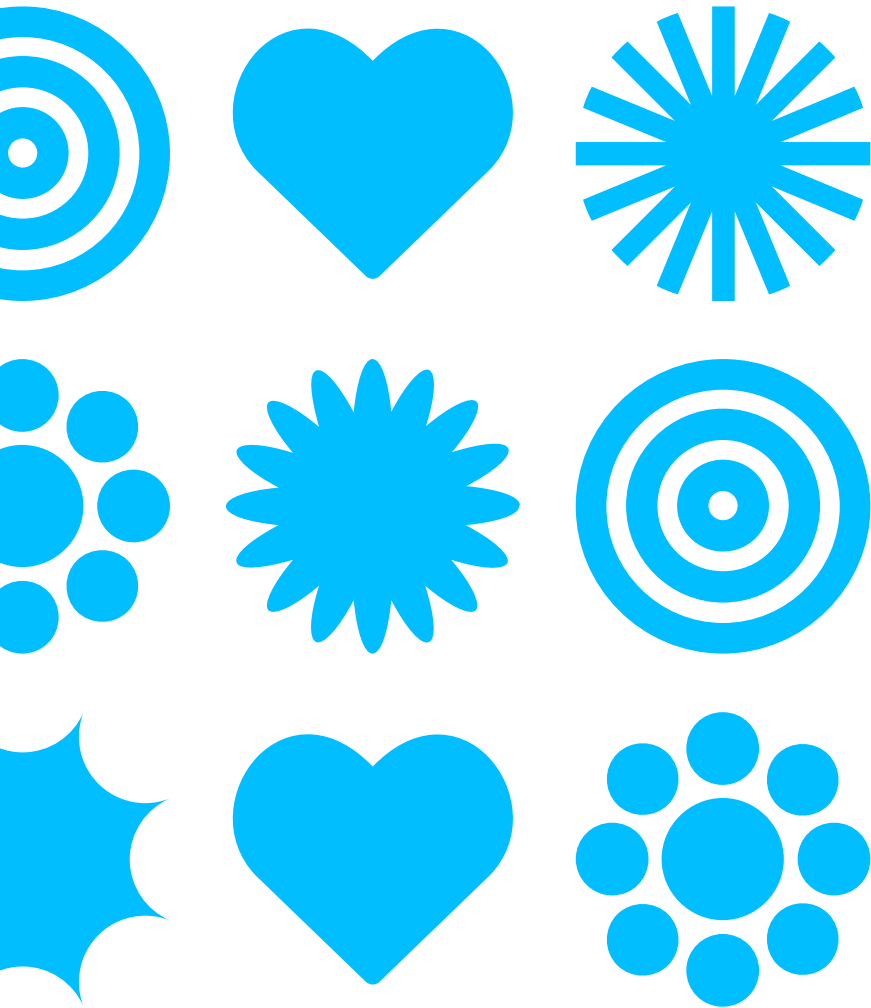
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# Creating a happier, healthier workforce for GV Health



GV Health, specialist in infection prevention and hygiene solutions, had experienced rapid expansion and a shift to hybrid work. Keen to understand how employees were really doing – and avoid falling into the cycle of making generalised assumptions – they wanted a clear picture of current practices along with guidance on where to focus next. Already acting as the company’s fractional HR, hoomph was perfectly placed to bring in extra strategic firepower through a Workplace Wellbeing Audit.

The love-hate relationship between HR and AI



Why a bespoke, human-first approach will define success in 2026

**With honest feedback from employees and a clear picture of strengths and challenges, GV Health could act fast. The company:**

- Introduced wellbeing perks including water coolers, fresh fruit, flexible holiday buying, and new mental health benefits
- Added inclusive policies around neurodivergence and menopause to make sure every team member can thrive
- Delivered neurodiversity training to strengthen empathy and understanding and improve overall team management
- Addressed workplace dynamics that were impacting culture, creating a more respectful and conscious environment

Following the audit and implementations, employees felt heard, supported, and empowered to thrive at work. GV Health could continue scaling with confidence, knowing its culture was keeping pace with growth. And, with a repeat process to come next year, they'll have a benchmark to keep moving in the right direction.

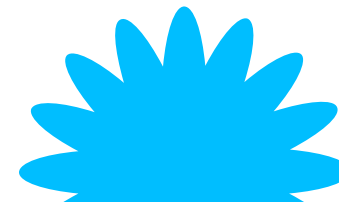
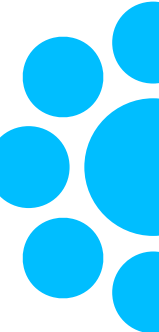
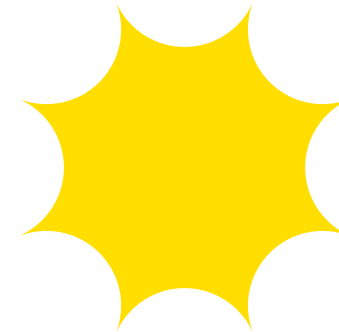
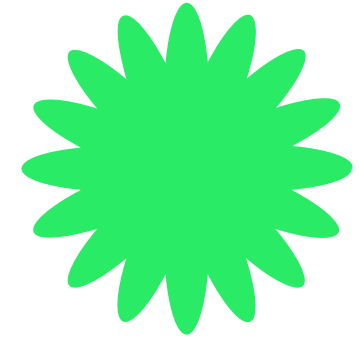
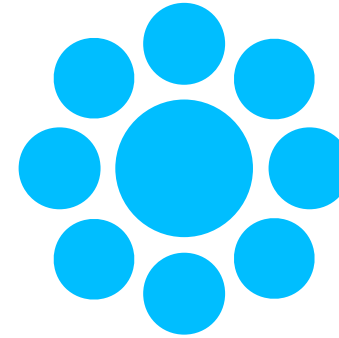
Want to plug decades of human HR knowledge into your team without blowing your business' 2026 budget? Create savvy spend habits while creatively empowering your people, with our tried-and-trusted [fractional HR service](#).

HR done differently

# About hoomph

hoomph is not your typical outsourced HR service. Founded in 2017 by Sarah Stevens and Lisa Hallewell, with more than 50 years of combined experience, we're built on the uncompromising belief that HR needs to be human. Unafraid to challenge the status quo, we make it our mission to swap tickbox solutions and formulaic advice for tailored guidance that's geared towards your growth goals – while always keeping your people's needs at the heart.

Today, we've carved a strong presence in niche markets such as technology, biotech, gaming, and the creative industry. But our expertise doesn't end there. If you're a forward-thinking business that shares our values, count us in. We're all for fresh thinking, innovative approaches, and people-first solutions that add genuine, human oomph – no matter what industry you're in.



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**hoomph**<sup>TM</sup>

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