

Employment Contracts – what to consider

All employers must supply particulars of employment even if they only have one member of staff. When an employer is ready to appoint a new member of staff, creating a contract of employment will help to prevent misunderstandings about the terms and conditions of the employment. From duties to benefits, an employment contract outlines everything an employee needs to know to understand their role, responsibilities and remuneration.

Failure to draft a detailed employment contract can cause issues later in the employment relationship. Having a contract provides both parties a tangible document to go back to so that what was agreed on can be reviewed.

This document is a guide to some of the key areas that should be considered when creating or updating particulars of employment for prospective or current employees. It is not intended to form the basis of an employment contract and may not include all the elements of an employment contract for a particular employee. Particular specialist or senior roles will require additional areas of consideration.

A contract of employment should include:

- **Names and addresses** of the employer and employee.
- **Date of commencement** of employment and clarification of when the employee's period of continuous employment began (which may be earlier if any employment with a previous employer is included) .
- The employee's normal **place of work**. It is useful to provide for some flexibility here if the employee will work for example at client's premises or attend training.
- Consider a **probationary period**. This is good practice to ensure communications are open and any early performance issues are addressed. Maximise the return on investment in the recruitment and training of the new employee.
- **Job title**. To add in some flexibility, consider including wording about a degree of flexibility of duties in order to meet the needs of the business and the need to undertake reasonable management requests with regard to duties.
- **Remuneration**. How much, paid how often and the method of payment. Advise that the employer will be making deductions such as PAYE and National Insurance as well as any monies that may be owed to the employer. Also specify any arrangements for **overtime** – whether it is expected, authorisation of additional hours, payment rates and/or time off in lieu arrangements.
- Normal **hours of work**. State hours per week and hours per day including any paid/unpaid **breaks**. Reserve the right to vary these hours should business needs require
- **Holiday entitlement** including bank holidays. By law a full time member of staff must be given a minimum of 28 days including bank holidays.
- **Sickness absence**. Advise notification arrangements, certification of sickness, details of statutory sick pay arrangements and any enhanced sick pay scheme.

- **Notice periods.** Consider how long it will take to replace the employee and the disruption it would cause to the business if the role was vacant. There are statutory minimum notice periods which must be incorporated into what the employer decides is reasonable and appropriate.
- **Confidentiality.** Consider whether you wish to bind your employee to any confidentiality agreements such as company information, client information. Contact West HR for specific advice on confidentiality clauses.
- **Restrictive covenants.** Reasonable steps can be built in to a contract to prevent employees starting a rival business, taking business contacts or enticing other staff to go and work for them for a certain period. Contact West HR for specific advice on restrictive covenants.
- **Pension scheme.** If the business has not yet staged for pension auto-enrolment and has 5 or more employees, they must provide access to a stakeholder pension scheme. If your auto-enrolment arrangements are contractual, they must be included in the contract of employment and cannot be changed without consultation and agreement.

Provide a section where the employer and employee sign the document to signify their agreement and one copy is provided to the employee and another is retained on the employee's record.

Be careful of adding further benefits such as additional holiday, sick pay or remuneration in reward for long service as this can amount to age discrimination unless handled carefully. Contact West HR for advice.

If the contract is temporary, there are special arrangements that must be adhered to by law. Contact West HR for guidance on the fixed term worker regulations.

It is a legal requirement that certain employment policies also need to be in place and communicated to employees. These include disciplinary and grievance arrangements. West HR can create a bespoke Disciplinary and Grievance policy for employers with clear manager guidelines on how to put the policy into practice.

Whilst every care has been taken in compiling these guidance notes, West Human Resources Consultancy Ltd cannot be held responsible for any errors or omissions; the notes are not intended to be a substitute for specific legal advice.

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