

The Contents of an Employment Contract

By law an employer must provide their employees with details of their employment terms and conditions.

This can be verbal or in writing, short or long, but is best achieved by an employer issuing a detailed written Contract of Employment to its employees.

This Contract of Employment specifies an employee's duties and responsibilities, so an employee knows exactly what is expected of them, and what they can expect from their employer.

Contents of a Contract of Employment

The following provides a brief outline of what should be included within a Contract of Employment.

This list should be tailored to suit the needs of the employer and the industry in which the company operates.

Names and Addresses of the Parties

The employers company details and the employees' full name and address.

Employment Contract Start Date

The start date of the employment.

Employee's Job Title and Description

The employees' job title and a description of the common day to day duties which will be carried out by the employee, plus any additional duties the employee may be expected to perform.

Place of Work

The employment contract allows the employer to specify the location where the employee will work.

Hours of Work

The employee's normal hours of work are specified within the employment contract. Details of possible out of hours work must also be included together with levels of overtime payments.

Working hours cannot exceed the 48 hours per week as specified by the Working Time Regulations, unless the employee has signed a voluntary opt out from the Regulations.

Probationary Period

The employer can specify the employee works for a period of time on a trial basis before a permanent position is offered. This can include the options to terminate the employment at the end of the trial period or to extend the trial period to further assess the employee.

Salary

This details the employee's gross salary before tax, national insurance and any deductions. It also specifies when and how payment will be made and may include details of the timing of company pay reviews.

Employee Assessment Reviews

The employer can state when the employee will receive their first work assessment and the timing of all subsequent regular assessments.

Deductions

This clause details all the circumstances in which the employer can make deductions from the employee's salary.

Expenses

The employer can agree with the employee which work related expenses the employer will cover and when and how the employee will be reimbursed.

Holidays

This will detail when the company holiday year will run from; the number of holidays each employee is entitled to take per year (subject to the statutory legal minimum) and the timing and procedure for applying for holiday days.

Some holiday days may have to be taken at a time of the employer's choosing, for example the company may close at certain dates in the year.

Sickness and Disability

If an employee is unable to attend work the procedure for contacting the employer of this fact should be set out.

This could include by what time the employee must inform the employer that they will be unable to attend work, if a third party can contact the employer on the employee's behalf, and the circumstances when a doctor's certificate is required.

The contract can inform the employee if they will receive statutory or contractual sick pay.

Pension

This clause within the employment contract allows the employer to state whether the employee will be included within the employer's company pension scheme, a stakeholder pension scheme or whether the employment comes without a pension provision.

Intension to Leave Employment and Notice Period

The notice period to be given by the employee should they wish to leave the employment, or the notice period to be given to the employee if they are to be made redundant.

Gross Misconduct

A detailed list of actions that constitute gross misconduct by the employee, which would allow the employer to dismiss the employee without giving notice.

Restrictive Covenants

This protects all confidential and commercial information belonging to the employer.

This prevents an employee from setting up a competing business whilst still employed, and also prevents an employee from competing for a set period of time and within a defined geographical area once they have left the employer.

Other restrictions can include attempts to encourage other employees to leave and work in a competing business, and breaches of contract will entitle the employer to seek legal redress, including damages for any loss.

Retirement

States the employee's contractual retirement age and also refers to a Retirement Policy; which every organisation should have in place.

Severability

This standard paragraph states that each paragraph, sub-paragraph or clause is independent of each other, so if one is invalid or does not apply to the employee the rest of the contract remains valid.

Prior Agreements

Another standard paragraph, stating that the employment contract contains all the terms agreed between the employer and the employee and that no previous agreement (written or verbal) shall apply.

Optional Clauses Which Can be Included in a Contract of Employment

The following provides a brief summary of the additional clauses an employer may wish to include within a Contract of Employment.

This list should be seen as a way to clarify certain circumstances or events which may occur from time to time. These optional items will vary from employer to employer.

This list is not exhaustive and other any clauses can be included by an employer, so long as they do not go against employment or criminal law.

Lay Off's and Short Time Working

Details of the company policy towards laying off staff or putting staff on short time hours during periods of no work.

Accepting Gifts and Benefits

Details the company policy on employees giving or receiving gifts from customers or suppliers.

Corporate Entertainment

Details of the company policy on the type of entertainment allowed, or not allowed, from customers and suppliers.

Dress Code

The company dress code policy.

Workplace Conduct

Conduct expected from an employee within the workplace.

Relationships Within the Workplace

Company policy on romantic/sexual relationships within the organisation.

Requirement to Notify Employer of Change of Circumstances and Personal Information

Company policy on when employees should notify the employer of changes to their personal circumstances.

Equipment Usage Policy

Company policy on use of company equipment for personal use.

Internet Usage Policy

Company policy on use of company Internet access for personal use.

Employees Taking Additional Jobs

Company policy on employees having additional employments and their impact on the organisation.

Personal Visitors on Company Premises

Company policy on employees having personal visitors in the workplace.

Compassionate Leave

Company policy detailing the circumstances where employees can have compassionate leave.

Right to Search

To allow the employer the right to search employees and their possessions, and guidance on procedure if an employee is found to possess the employer's property or the property of a third party without authority.

Use of Protective Clothing and Equipment

Clothing and equipment required to comply with health and safety regulations.

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Grievance and Disciplinary Policy

The Employment Act 2002 states that all employers (regardless of size) must have a written Grievance and Disciplinary Policy that complies with the following minimum standards introduced by the Act:

- An employer must set out in writing the reasons for the alleged misconduct.
- The employee must be invited to attend a disciplinary meeting.
- After the meeting, the employer must inform the employee in writing of the decision.
- The employee must be allowed a right of appeal.

Failure to follow this standard procedure will amount to unfair dismissal unless the employer can show that the failure to follow the procedure would have made no difference to the outcome.

An Employment Tribunal can make a punitive award of an increase in compensation of between 10% and 50% for failure to comply with the standard procedure.

A Tribunal can also award up to four weeks pay for the period of time it would have taken to go through the proper disciplinary procedure.

Employers can have their own contractual disciplinary and grievance procedures as long as these are not less than the minimum standards set out by the Act.

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