

Getting the right employment contract for my business

Answering the common questions asked by MDs

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THE HUMAN  RESOURCE CENTRE

What do I need to provide?

Where there is an employer/employee relationship you need to provide a contract of employment. This is also known as a written statement of particulars of employment. For a sub-contractor or freelancer you would be advised to provide a contract for services.

Why not just keep to the verbal offer that was made?

People's memories should not be relied upon. Points of detail or based on certain conditions can conveniently (or not) get forgotten leading to a dispute. Having terms written down gives both parties certainty about their rights and responsibilities.

When do I need to provide a new member of staff with an employment contract?

Within two months of starting work with you.

What if I forgot to do this?

The longer the relationship goes on the more likely details will be forgotten and events may overtake you. It may be more difficult to agree terms the longer the employee has been working for you because custom and practice and knowledge of other employee's terms and conditions may prevent straightforward agreement. That said, the sooner you get things in writing the better. The one thing not to do is ignore it.

Should I have the same employment contract for each member of staff?

Where all staff report to you and broadly have the same degree of responsibility and are told what to do by you, you should have a standard contract that keeps things simple and understandable.

As your business gets bigger and you appoint senior managers and Directors then additional clauses should be added to the contract to protect your business further. However these more complex contracts have at their heart the standard clauses appropriate for more junior members of staff.

What should I include in an employment contract?

The following clauses must be included in the standard contract:

- The name and registered address of the employer and the employee
- The dates on which employment and continuous employment began

- Pay and the method of calculating it
- Hours of work
- Terms and conditions relating to holiday and holiday pay
- Terms and conditions relating to incapacity to work due to sickness or injury
- Terms and conditions relating to pensions
- Notice period
- Job title
- Place of work, or where the employee may work at different places, an indication of that

What other clauses should I consider?

With more senior employees you may want to consider additional clauses which protect your business. Such clauses include:

- Confidentiality
- Intellectual Property
- Conflict of Interest
- Garden leave
- Post termination restrictions (restrictive covenants)

Do employees have to sign the contract to say that they have accepted its' terms?

Ideally yes to indicate that they agree to its terms and to avoid any uncertainty at a later date. See below.

What if they don't sign the contract?

It is advisable to try and get the employee to sign it as it may be difficult at a later date to demonstrate that the employee has unequivocally accepted the terms of the contract.

If they won't sign it is worth trying to establish why that is the case.

If the employee won't say it is worth writing to them stating that by continuing to work the employee is accepting the terms of the contract.

What alternatives are there to an employment contract?

Irrespective of how long someone is planning to work for or with you, it is advisable to have an agreement in place. Other contractual documentation that you might consider include:

- Service Agreements for co-directors

- Consultancy agreements where people are providing expertise to provide a particular outcome in the short term. Typically this implies an hourly or day rate
- Intern agreements where you are providing work experience for a limited period of time in return for expenses
- Part time contracts although the basis for employment is the same as full-time employees except their hours, pay and holiday entitlement is pro-rated to the hours worked
- Fixed term contracts generally for employment of between three and six months
- Zero hours contracts

If you have any further questions, or want to have a bespoke employee documentation workshop, at your premises, to produce both bespoke contracts and supporting staff policies, [click here](#).