Contract of Employment

About this document

* This is a simple contract of employment for a newly recruited member of salaried staff working in England.
* It is not suitable for senior or highly paid employees, who would require a more customised contract. It will also require adapting if it is being issued to an existing member of staff.
* The draft contract is unlikely to be suitable if the Company recognises an independent trade union for collective bargaining purposes.
* It can be adapted for use by temporary staff, or workers on a fixed contract, but it is recommended that you take legal advice before doing so.
* The draft contract includes the information you are required by law to give employees within two months of their starting work.
* We strongly recommend that you ensure all new staff sign a contract before they start work if at all possible, though this is not a legal requirement.

How to use this document

* Throughout this document, options and blanks are indicated by square brackets. These should be deleted as you work your way through the document.
* First check the terminology is appropriate for your organisation and change it if necessary. We have assumed that each member of staff has a line manager, and that there is a Human Resources Department.
* If you don’t have a Staff Handbook you will need to delete the references to it in the introductory at the start of the document and in clauses 15 and 16. You will also need to delete clause 19.
* You will need to insert the **name and address of the Company and the employee** at the beginning
* Complete the job title and other details in **section 3**
* Insert the date the employment starts in **section 4**. This may be an earlier date than the date this contract is issued.
* Chose the length of the trial period in **section 5**. Alternatively this can be deleted if there is no trial period – but a trial period is strongly recommended for a permanent position.
* Specify the place of work in **section 6**. You will also need to specify how far the employee can be asked to move. Normally this should not be more than a reasonable commuting distance from the original location – the exact distance will depend on the location and transport links.
* Set out the salary and any overtime rate in **section 7**. If there is no overtime then the second paragraph of this section can be deleted.
* Set out working hours in **section 8**. The second paragraph should be deleted if there is no overtime.
* Set out the holiday entitlement in **section 9**. The legal minimum is 28 days (or 20 days plus the normal 8 bank holidays) for full time workers. So if you just want to pay the legal minimum the correct figure to insert in the blank is 20. You will also need to specify the holiday year in this section – this can start on any date you choose, though it will need to reflect what you have previously agreed with your staff.
* **Section 10** has alternatives depending on whether the Company offers contractual sick pay. There is no legal obligation to provide any pay on top of SSP. You need to select the correct alternative and specify the amount of any sick pay entitlement.
* **Section 11** gives information about pensions. It is assumed that the Company has no occupational scheme of its own – but if it does this section will need to give details. It will be sufficient to cross-refer to a separate document.
* **Section 12** reflects the statutory minimum notice requirements you are required to give the employee. We have made these notice requirements reciprocal, which seems the fairest approach, though the legal minimum notice an employee has to give will normally be considerably shorter.
* **Sections 13 and 14** reinforce the obligations that an employee owes his or her employer in any event. However if the employee will be handling particularly sensitive matters, it is worth considering spelling these obligations out in more detail.
* **Section 15 and 16** cross-refer to the Staff Handbook but it is a legal obligation to set out the details given in this document. If you don’t have a Staff Handbook you will need to refer instead to your written disciplinary and grievance procedure. It would probably be sufficient to adopt the model procedures set out in Appendix 2 to the [ACAS Guide](http://www.acas.org.uk/media/pdf/9/g/Discipline-and-grievances-Acas-guide.pdf), but most organisations will find it beneficial to adapt these procedures to reflect their own specific structure and culture.
* It is also a legal requirement to state whether there is any collective agreement in place. The draft assumes there is no such document (**section 17).** This draft agreement is unlikely to be suitable if the Company has recognised a trade union for collective bargaining purposes.

More help

Contact us if the contract of employment does not cover all the points you need, or you wish to adapt it for another kind of employee.

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This Contract together with the Staff Handbook sets out the terms and conditions of your employment with effect from [     ] and includes the particulars of terms of employment required by the Employment Rights Act 1996.

1. Employer
   1. [insert name of employer] of [insert address] (“**Company**”).
2. Employee
   1. [insert name of employee] of [insert address].
3. Job title
   1. You are employed as [     ] [reporting to [     ]]. [Your duties will include [     ]/those set out in the attached job specification.] You may also be required to carry out such additional or alternative tasks as may from time to time reasonably be required of you.
4. Date of commencement
   1. Your employment with the Company commenced on [insert date].
   2. No previous employment will be treated as continuous with your employment by the Company.
   3. Your employment is for an indefinite period, terminable on notice or otherwise as set out below.
5. Trial period
   1. The first [three/six months] of your employment will be on a trial basis and the Company reserves the right to terminate your employment either during or at the end of that period on one week’s written notice. The Company reserves the right to extend the trial period by up to three months. During your trial period you will not be entitled to sick pay (other than Statutory Sick Pay) and the Company’s Disciplinary Procedure will not apply.
6. Place of work
   1. Your normal place of work will be [     ] but the Company reserves the right to change this to any place within [a radius of [     ] miles of [     ].
   2. It is not envisaged that you will be required to work outside the United Kingdom[ for more than one month at any one time]. In the unlikely event that circumstances change so that it becomes necessary, this will be discussed fully with you.
7. Remuneration
   1. Your current basic rate of pay is £[     ] per annum payable monthly in arrears by direct bank credit transfer on the last working day of each month.
   2. [Any overtime payments (see below) are payable with salary at the end of the month following the month in which the overtime is worked. Payment for overtime will be at the rate of [     ] times your normal basic rate of pay.]
   3. You agree that the Company may at any time deduct from your salary or any other sum payable to you in connection with your employment any sum which is owing by you to the Company at the time such deduction is made whether by reason of any default on your part or otherwise. Such sums include but are not limited to overpayment of salary or expenses, and loans made by the Company to you. This right is in addition to the Company’s rights under clause 9.5 in respect of holidays taken in excess of your entitlement.
   4. The Company will not be obliged to pay you for any period during which it is unlawful (for any reason other than due to the fault of the Company) for you to continue to perform your normal duties.
8. Working hours
   1. Your normal hours of work are currently from [     ]am to [     ]pm Monday to Friday inclusive, with 1 hour for lunch to be taken at a time to be agreed between the Company and yourself. The Company reserves the right to vary these times as necessary to meet its changing needs.
   2. [Voluntary overtime (when available) will be paid as set out above.]
   3. The Company reserves the right to make temporary reductions in your daily working hours if this is considered necessary. You will be given at least one week’s notice of any such reductions.
9. Holidays
   1. In addition to the normal English bank and public holidays you will be entitled to [     ] working days’ holiday paid at your normal basic rate of pay in each Holiday Year. The Holiday Year commences on [     ]. If you work fewer than five days a week your holiday entitlement (including bank holidays) shall be reduced pro rata, regardless of the days of the week in which you normally work.
   2. Your holiday should be taken at such times as may be convenient to the Company and you must give reasonable notice of proposed holiday dates which must be agreed in advance with your manager.
   3. You will not generally be entitled to take holiday if to do so would mean that on the date the holiday ends you would at that point have exceeded your accrued holiday entitlement calculated in accordance with clause 9.5.
   4. You may/may carry forward up to 8 days of unused holiday entitlement into the following Holiday Year provided that any such unused holiday is taken by not later than three months after the start of the holiday year. You are required to take at least four weeks’ holiday in each Holiday Year.
   5. In the years of commencement and termination of employment your holiday entitlement will be calculated pro rata based on the number of complete weeks you have been employed in the Holiday Year. Upon termination of employment you shall be entitled to pay in lieu of any outstanding holiday entitlement calculated as set out above, unless you are dismissed for gross misconduct when your pro rata entitlement will be calculated based on your holiday entitlement (if any) under the Working Time Regulations 1998. If on the termination of your employment you have received pay in respect of holiday taken in excess of your holiday entitlement you will be required to repay this sum to the Company. This sum may be deducted from any monies (including salary) due to you on termination of your employment.
   6. The Company reserves the right to require you to take any unused holiday during your notice period and for these purposes the requirements of regulation 15 Working Time Regulations 1998 shall not apply.
10. Absence from work and sick pay
    1. You must inform your manager by telephone as soon as possible (and in any event by 9 am on the first working day of absence) if you are absent from work for any reason and any unauthorised absence must be properly explained. If absent because of illness you are required to give details of the nature of the illness and any indication that can then be given of your anticipated length of absence.
    2. When any period of absence due to illness or injury continues beyond seven calendar days you are required to obtain a statement of fitness for work (fit note) and to forward this to the Human Resources Department. If such absence continues after the expiry of the statement further statements must be obtained as necessary to cover the whole period of absence and forwarded to the Human Resources Department immediately on each occasion.
    3. Immediately after return to work following absence for any reason you are required to complete a Self-Certification Form available from the Human Resources Department detailing the dates and reasons for absence.
    4. EITHER

You will not be entitled to any sick pay over and above any Statutory Sick Pay entitlement.

**OR**

Subject to compliance with the above notification and certification requirements and to completion of your trial period, if you are absent on account of illness or injury you will be entitled to [     ] weeks’ Sick Pay during any consecutive 12 month period. Sick Pay shall mean your normal basic rate of pay less any Social Security benefits recoverable by you (whether or not recovered) and shall include any Statutory Sick Pay to which you may be entitled.

* 1. “**Qualifying Days**” for the purposes of Statutory Sick Pay shall mean Monday to Friday in each week.
  2. The Company places importance on employees being fit for work and reserves the right to require you to undergo a medical examination at any time (at the Company’s expense) by doctor(s) appointed by the Company.

1. Pension: auto-enrolment
   1. The Company will comply with the employer pension duties in accordance with Part 1 of the Pensions Act 2008.
2. Notice of termination
   1. After completion of your trial period you are entitled to receive at least one month’s written notice of the termination of your employment, or, if longer, the statutory minimum notice you are entitled to receive under the Employment Rights Act 1996 (ie one week’s notice for each complete year’s service, up to a maximum of 12).
   2. The period of notice to be given in writing by you to terminate your employment is the same notice period you are entitled to receive.
   3. The Company reserves the right to pay net salary (ie after normal PAYE deductions) in lieu of notice.
3. Company property
   1. On termination of your employment with the Company for whatever reason or earlier if requested you shall immediately return all correspondence, client or customer lists, documents, papers and other information (on whatever media and wherever located and including any passwords required to access the same) and all other property (including data) belonging to the Company
4. Confidentiality
   1. You are not during or after the termination of your employment to use or to disclose to anyone (other than in the proper course of your employment with the Company) any information of a confidential nature relating to the Company.
5. Grievance procedure
   1. If you have any grievances relating to your employment you should report these in writing to your line manager. Further details of the Company’s Grievance Procedure are set out in the Staff Handbook. The Company’s Grievance Procedure does not form part of your contract of employment.
6. Disciplinary rules and procedures
   1. Details of the Company’s Disciplinary Rules and Procedures are set out in the Staff Handbook. They do not form part of your contract of employment.
   2. If you are dissatisfied with any disciplinary decision you should appeal in writing to your line manager who will refer it to an appropriate member of staff.
   3. In cases where you are being investigated in respect of conduct which could amount to gross misconduct the Company reserves the right to suspend you on full pay, normally for no more than five working days but longer if necessary, while the Company investigates the alleged offence. During the period of suspension you may be refused access to the Company’s premises without the consent of the Company or only allowed access subject to such conditions as the Company may impose. You may also be prohibited from speaking to other members of staff or only allowed to do so subject to such conditions as the Company may impose.
7. Collective agreements
   1. There are no collective agreements which directly affect the terms and conditions of your employment.
8. Outside work
   1. You are required to devote all your working time and energies to the Company and are not entitled to undertake any outside paid work of whatever type or to be directly or indirectly engaged, concerned or interested in any other business concern.
9. Staff handbook
   1. Your attention is drawn to the policies and procedures set out in the Company’s Staff Handbook a copy of which has been supplied to you, which is not contractual You agree to abide by those procedures and understand that failure to do so may result in disciplinary action being taken against you.
10. Variation to standard and other terms and conditions
    1. The Company reserves the right to make reasonable changes to these and any other agreed terms and conditions of employment. Minor changes of details (eg in procedures) may be made from time to time and will be effected by a general notice to employees. You will be given not less than one month’s written notice before significant changes are made.

For and on behalf of [insert name of Company].

Dated:

I acknowledge receipt of a copy of this contract and accept its terms

Signed:

Dated: