

TOP TIPS FOR EMPLOYMENT CONTRACTS

Employee disputes can impact your business in a number of ways, be it through legal costs, loss of productivity or damage to your business' reputation. Having thorough and up to date employee contracts can limit the risk of disputes occurring between your business and an employee.

Certain statutory rights are applicable whether or not you have a written contract in place

As soon as you take on an employee, the relationship is governed by certain statutory rules, which are designed to protect the employee and cannot be excluded under contract. Some examples include:

- A statement of terms of employment (in writing) within two months of commencing work
- Anti-discrimination legislation
- The minimum wage
- Maternity leave
- Health and safety requirements

These rules directly involve the protection of your employees' statutory rights.

Terms can be implied into an employment contract

Certain terms will be implied in all employment contracts, whether or not the parties wish to include them. Implied terms act as an umbrella over the express terms of the contract, governing the conduct of the parties. They provide a baseline of behaviour that employers and employees can expect of each other. Examples include:

- Trust and confidence – this requires employers and employees not to conduct themselves, without reasonable and proper cause, in a manner calculated or likely to destroy or seriously damage the relationship of confidence and trust between them.
- Fiduciary duties – all employees owe a duty of fidelity to their employer. Examples of a fiduciary duty include not to work for a competitor organisation whilst in employment and not to make a secret profit.

Express terms can be written in an employment contract or verbally included

Express terms are terms which are written down (or verbally communicated) in the agreement. It is more beneficial to include your express terms on paper (rather than verbally) so employees can keep a copy of the terms of their employment and there is obvious evidence that the parties have agreed to enter into the contract on precise terms.

Dismissal

A well-drafted employment contract and/or staff handbook should set out the dismissal procedure, outline when the employer has the right to suspend an employee if an investigation is taking place and the rights of appeal.

Notice

In the event that an employee's contract is terminated, it is important to have a procedure in place which sets out how much notice each party should give the other and whether a payment in lieu of notice is available. Garden leave should also be considered under this clause. Commercially, garden leave or a payment in lieu of notice will allow a company to pay an employee a sum of money (to limit their access to sensitive information) instead of working their notice period.

The level of employee

Employee contracts need to be adapted for each individual employee or each role that is necessary within your business. Senior employees may need, for example, a more detailed benefit clause.

Discipline & grievance

It is vital to have a proper discipline & grievance procedure outlined in your employment materials. You need to state the following clearly:

- your disciplinary rules
- your disciplinary and dismissal procedure
- the name of the person that the employee should appeal to if they are unhappy about a disciplinary or dismissal decision

Get in touch

For further information, please contact Millie Kempley whose details are below.



The information contained in this document is for general information purposes only and should not be relied on in isolation without seeking further legal advice that is specifically applicable to your circumstances.

Hours, benefits & compensation

Clearly detail when employees are paid, what is included on their pay slip, what benefits (if any) and discounts for which they are eligible, holiday & entitlement and time off (for sick leave and maternity/paternity leave) they are entitled to.