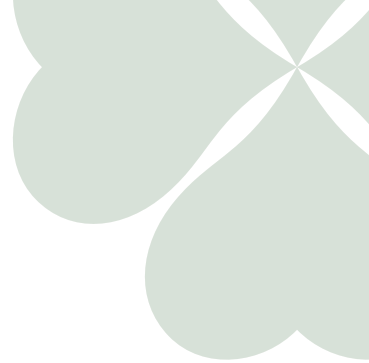




Clover HR

EMPLOYER GUIDE

CONTRACT OF EMPLOYMENT AND EMPLOYEE HANDBOOKS



CONTENTS

Contract of employment and employer handbooks - What are they and when should they be issued to employees?	5
Information in a Contract of Employment	7
Other Clauses in a Contract of Employment	9
Contract Terms	11
Types of Contracts	13
Employee Handbooks	15
Information in the employee handbook	17



WHAT ARE THEY AND WHEN SHOULD THEY BE ISSUED TO EMPLOYEES?

A CONTRACT OF EMPLOYMENT is a legal document between an employer and employee that contains information regarding an employee's employment rights, conditions, responsibilities and duties. These are known as the terms of employment.

When an employee is offered a job, they must be given a statement which contains their main terms of employment, this is called a written statement of employment particulars, it is not the same as the employment contract. Employment particulars can be issued in the employees offer of employment letter, or employers can choose to have this included in the contract of employment and issue this at the same time as the offer of employment letter.

Employment particulars include information such as job title, pay and hours of work.

In line with the Employment Rights Act 1996, any employee who had been employed for one month or more had to be issued with a contract of employment within two months of their start date.

In April 2020 this rule changed to employees and workers being entitled to receive written particulars of employment from their first day of employment.

If an employer does not provide employees with a written statement of their employment particulars and they cannot demonstrate that there are exceptional circumstances why they have not done so, then employees could be entitled to compensation of between two and four weeks' pay.

AN EMPLOYEE HANDBOOK provides employees with information regarding the rules that they must ensure they work under while working for the company and it enables the employee to know what is expected from them.

When employers issue contracts of employment or employee handbooks it is best practice to get the employees to sign to say that they have received the copy and read and understood the contents.



INFORMATION IN A CONTRACT OF EMPLOYMENT

The following information must be included within a contract of employment:

- Name and address of employer and employee
- Employees start date and date of continuous employment
- Job Title
- Roles and Responsibilities
- Hours of work
- Location of work
- Payment details, such as weekly or monthly pay
- Rate of pay and any salary reviews
- Information on holiday entitlements, bank holidays and holiday pay
- Probation period information
- Notice periods
- Disciplinary and Grievance Procedures
- Pension Details
- Any other benefits



OTHER CLAUSES IN A CONTRACT OF EMPLOYMENT

Other clauses that can be included in a contract of employment include restrictive covenants, these place restrictions on employees, for a specific time period, once their contract of employment ends.

Restrictive covenants are used to protect employers as they protect the information that an employee has privy to during their employment.

MAIN TYPES OF RESTRICTIVE COVENANTS ARE:

- Confidentiality which covers company trade secrets and new development ideas.
- Non-solicitation where the employee is prevented from approaching any current clients or potential clients of the employer.
- Non-competition where the employee is prevented from doing the same business on their own or with a competitor.
- Non-poaching where the employee is prevented from poaching colleagues from the employer.



TERMS OF A CONTRACT OF EMPLOYMENT

Terms are the legal parts of a contract, employers must ensure that they make it clear to employees which parts of their contract are legally binding.

Contract terms can be:

- In a written contract or written statement of employment
- Verbally agreed
- In an employee handbook or on company notice boards
- In an offer letter
- Required by law, these are statutory or legal requirements
- In collective agreements
- Implied terms

A contract of employment is made up of:

EXPRESS TERMS

These are terms in a contract of employment that are specifically stated, they include things such as working hours and pay.

IMPLIED TERMS

These are terms that have not been documented and written down, but are part of the relationship between employer and employee, implied terms cover things such as:

- Employees not stealing from their employer
- Employers providing a safe and secure working environment
- A regular occurrence such as a Christmas bonus
- Employers paying employees on time

It is however a good idea to have these in writing somewhere to ensure that employees and employers are clear on expectations and standards.

INCORPORATED TERMS

These are terms that get included in a contract from other places, such as on notice boards or employee handbooks.

STATUTORY TERMS

Statutory terms have to be adhered to, if an employment term in a contract of employment is below the statutory requirement, then the statutory requirement will always override this. If any statutory terms are breached an employee can file a claim to an employment tribunal. Examples of statutory terms are maternity leave and pay, holiday entitlements, rest periods and notice periods.



DIFFERENT TYPES OF CONTRACTS

- **FULL-TIME**
- **FIXED TERM** – These contain an end date for the employment, these are used for employers recruiting employees on a fixed term basis to assist with a project or to cover for an employee's maternity leave or long-term absence or similar.
- **PART-TIME** – This specifies an employee's hours of work as they are not employed on a full-time basis. All entitlements will be pro-rated to that of a full-time employee.
- **ZERO HOURS** – These contracts allow flexibility to the employer as they do not commit to a number of hours to be worked by the employee, they just work as and when they are required.





EMPLOYEE HANDBOOKS

It is not a legal requirement for employers to have an employee handbook, however it is good practice to have one and to issue it to employees. An employee handbook contains the rules and procedures that employees should adhere to, and by having an employee handbook it allows all of this information to be provided to the employee in one go.

Handbooks would usually be issued to employees during their induction with the company as it usually contains the rest of the information that is not legally required in the employment contract.

As previously mentioned, it is advisable to get employees to sign to say they have received a copy of the handbook and understood the contents. An employee handbook can be considered as a legally binding document as it can be deemed as an extension to the contract of employment.

Employee handbooks can be very useful for leaders and managers as it can act as a guidance manual for them when queries or issues arise with employees.





INFORMATION IN THE EMPLOYEE HANDBOOK

Employee handbooks usually contain the following information:

- Introduction to the company
- Company Vision, Mission and Goals Statements
- Absence Procedure and sick pay entitlements
- Data Protection information
- Equal Opportunities Policy
- Social Media Policy
- IT and Email Usage Policy
- Substance Misuse Policy
- Disciplinary and Grievance Procedures
- Health and Safety Information
- Whistleblowing Policy
- Harassment Policy
- Redundancy Information
- Pension Information
- Company Benefits such as private health care
- Retirement information
- Site rules
- A clause providing the right to amend the handbook, to allow updates to be done as and when required.



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