

Model Contract of Employment

This document sets out the main particulars of the terms and conditions of employment and also acts as the Principal Statement under the *Employment Rights Act 1996*.

The parties to the contract:

[Name and address of employer]

and

[Name of employee]

Place of work:

Your normal place of work will be the above address.

[OR

Required clause if you comply with the provisions in note 1

You may be required to work at any of the organisation's other offices in the UK on a temporary or permanent basis.]

[Required clauses if the employee will work overseas for a period of one month or more (see note 2)

You will be required to work in our **[place of work]** for **[duration of the assignment overseas].**

During these periods you will be paid in **[currency].**

[Terms and conditions relating to the employee's return to the UK]

Date employment commenced: [day, month, year].

[Required clause if you comply with the provisions in note 3

Date on which continuous employment commenced (if different): [day, month, year]]

Job title: [job title].

Normal hours of work: *see note 4*

Your normal hours of work are **[insert total number of hours]** per week, **[start hour]** to **[end hour]** OR **[insert hours for normal working day]** **[Monday]** to **[Friday]**, with **[insert length of break]** for lunch each day.

Pay:

Your rate of pay will be £**[Salary]** per annum.

This is payable in **[12 equal monthly]** installments by **[credit transfer (BACS) OR cheque OR cash]** on the **[last working day OR specific day, e.g. last Thursday OR date, e.g. 24th OR other]** of the month.

[OR

Required clause if you pay your employees weekly

Your wages will be £**[Wages]** per week and will be paid weekly in **[arrears OR advance]** by **[credit transfer (BACS) OR cheque OR cash]** on each **[specific day of the week e.g. Friday].**

[Salaries OR Wages] are reviewed in **[month]** each year and any amendments become effective from **[month].**

A review does not guarantee a pay rise and there is no contractual right to an annual pay increase.

Pay arrangements are not covered by a collective agreement.

[OR

Required clause if pay negotiations are between the company and the union

Pay is determined by agreement between the **[name of organisation]** and the **[name of union]** and this agreement is binding on all employees, whether or not they are members of the union.]

Holiday entitlement: *see note 5*

This section sets out your entitlement to holidays, and includes your statutory rights under the *Working Time Regulations 1998*.

The holiday year runs from **[January]** to **[December]**.

In a full year the paid holiday entitlement is **[20 or a number greater than 20]** days **[including OR excluding]** public holidays.

Employees joining the organisation accrue paid holiday entitlement at the rate of **[1.66]** days per month, **[including OR excluding]** public holidays.

You must take all your statutory holidays (i.e. 20 days including public holidays) in the holiday year.

Holidays must be agreed with [who to contact] as early as possible, and **at least twice as much notice as the period of leave to be taken must be given**.

Management will normally try to accommodate individual preferences for holiday dates but the needs of the business may have to take precedence, particularly where inadequate notice is given.

[OR

see note 6

Holidays are determined in advance by the company and will be notified to you at the start of the holiday year.]

Holiday pay:

In the year of joining the organisation, entitlement to paid holiday will be calculated at the rate of **[1.66]** days for every calendar month of employment.

On termination of employment, holiday pay entitlement will be calculated to the nearest full month at **[1.66]** days per month.

If an employee has already taken paid holiday to which they are not entitled on the basis of service during the holiday year, any excess holiday paid for will be deducted from the final salary. If this is insufficient to cover the full amount, the employee will be asked to make other arrangements to pay.

Absence from work:

If you are unable to come to work for any reason, you (or someone on your behalf) must inform the office by **[10.00am]** on the first day of absence. Failure to do so may render you subject to disciplinary action and may also bar you from occupational sick pay.

If the reason for your absence is sickness, you must in any case notify the organisation before the end of the first working day's absence to retain any eligibility you may have for Statutory Sick Pay (SSP).

In notifying the organisation you should indicate the reason for your absence and its likely duration.

Absence because of sickness:

All days of absence because of sickness must be covered by a medical certificate.

For the first **[7]** days, a self-certificate will be acceptable. For illnesses of more than **[7]** days, a doctor's certificate must be produced on the **[eighth]** day and weekly thereafter. If your absence through illness lasts for less than a working week, you should complete a self-certificate on return to work and hand it in to **[who to contact]**.

Because of the rules relating to the payment of Statutory Sick Pay (SSP) (details below) it is important that your certificates indicate actual days of sickness even if they are sometimes days when you would not have worked, e.g. weekends and public holidays.

Sick pay: *see note 7*

Most employees will be entitled to SSP in accordance with the rules laid down by law. The main qualifications are that you have done some work under this contract and that you earn the Lower Earnings Level (LEL) in force at the time, details of which can be obtained from **[who to contact]**. You also need to be absent on 'qualifying days', i.e. days on which you would normally be expected to work. The first three qualifying days of absence do not attract SSP.

Pensions: *see note 8*

The company does not offer an occupational pension scheme but provides access to a stakeholder pension. Details can be obtained from **[who to contact]**. Employees remain contracted into the State Second Pension (S2P).

Collective agreements:

The organisation is not party to any collective agreement.

[OR

Required clause if pay negotiations are between the company and the union

The terms of this contract are determined by agreement between **[name of organisation]** and **[name of trade union]** and are binding on individual employees whether or not they are members of that union or any other.

The following collective agreements affect the terms and conditions of your employment: **[details of the collective agreements.]**

Notice: *see note 9*

If you wish to terminate your employment with the organisation, you are required to give **[one week's]** notice in writing to **[who to contact]**.

Should the organisation wish to terminate your employment, for reasons other than gross misconduct, you will be entitled to notice as follows:

Period of service

During your first month
After one month's service
After two years' service

Notice from the company/organisation

None
One week
Two weeks

Thereafter, an extra week's notice will be given for each full year of service up to **[12]** weeks' notice after **[12]** years' service.

Disciplinary procedures:

A copy of the organisation's disciplinary procedure is attached to this contract and employees are asked to read it carefully.

Grievance procedure:

If you have any grievance relating to your employment you should raise it orally with **[who to contact]**. If the matter is not resolved within **[7]** working days, you may raise it in writing with **[who to contact]** who will make a decision about the matter within the next 7 working days. You may be accompanied by a fellow employee at any meeting held to discuss your grievance.

Personal data:

For the purposes of administration, it is necessary for the organisation to hold and process personal data on its employees. The data will be held for the duration of your employment or for any longer period to enable the organisation to answer any question relating to you as an employee.

Every care is taken to ensure that this personal data is held in confidence and secrecy. You have the right to inspect, review and, if necessary, update your personal details on an annual basis. Normally you will be able to inspect your file within **[one]** working day**[s]** of this request. If your personal circumstances do change at any time you should inform **[who to contact]** accordingly. This will ensure that the information remains accurate.

Signed on behalf of the Organisation:..... [see note 10](#)

Name and job title: **[First name] [Last name] [Job title]**.

Date: **[day, month, year]**.

Signed by the employee: I agree to the terms and conditions of this contract, and acknowledge that I have received a copy.

(Employee's signature)

Date

Guide to using this document

Using this document

This model is appropriate for a new employee working full-time on an open-ended contract in the UK.

All new employees (except those employed for less than one month) are entitled to receive a written statement of their terms and conditions of employment under the Employment Rights Act 1996, s. 1.

This model contains all the headings which must be included by law.

Each provision sets out what is the minimum required to comply with current employment law.

Employers may wish to provide employees with extra entitlements, e.g. holiday, hence the final content of the contract may vary from employer to employer.

Key to this model document

- Fields that require you to enter information specific to your circumstances are in square brackets [] e.g. [who to contact]
- Statutory additions may be necessary under some headings, depending on your circumstances, these are indicated in **blue**, with a cross reference to the notes.
- **Red** text indicates what provision cannot be altered below the minimum or above the maximum to achieve minimum compliance, e.g. the minimum annual holiday entitlement for a full time employee is 20 days including public holidays. The employer can offer the employee more than 20 days holiday but not less.

Notes

1. Alternative Places of Work

This clause is required only if the employer needs the employee to be mobile. If all activities take place on one site, it does not need to be included.

2. Work outside the UK

This clause only needs to be included if the employee will work outside the UK for periods of one month or more.

3. Date on which continuous employment commenced (if different)

This heading only needs to be included in circumstances where the employee may have previous service entitlement either with this employer or with a previous employer, e.g. where a company has been taken over by another and the *Transfer of Undertakings (Protection of Employees) Regulations* (TUPE) apply. For example, an employee might start with the company to whom he has been transferred on 1 January 2004, but he may have service with his previous company starting on 30 June 1997. In this case, the date for the first heading will be 1 January 2004 and the date for the second, 30 June 1997. This date is important because it affects employees' rights to a number of statutory benefits such as maternity, paternity adoptive parents leave and pay, parental leave, unfair dismissal and redundancy payments.

Alternatively the statement may expressly state that no employment with a previous employee will count as part of the period of continuous employment.

4. Normal Working Hours

Employers have an opportunity to include a right to vary working hours, or, if desired, to express them as flexible, by including the sentence:

“The organisation reserves the right to vary the starting and finishing times if deciding to do so temporarily or on a continuing basis.”

OR

“Employees are expected to be flexible and may be required to work additional hours to meet the needs of the organisation.”

Normal Working Hours – Overtime

The hours of work item in the contract provides an opportunity for the organisation to specify whether overtime working will be a condition of employment.

5. Holiday Entitlement

The holiday entitlement should set out the terms and conditions relating to holidays including public holidays. The particulars given should enable the employee to know his/her entitlement and be able to precisely calculate accrued holiday pay at the time of termination of employment.

The minimum period of paid holiday which employees must be given on a full holiday year is 20 days including public holidays. Beyond this, employers may be as generous as they wish, e.g. 20 days excluding public holidays, 25 days excluding public holidays.

6. Holidays determined by the employer

In some situations, the employer may wish to dictate holiday times. Typically this happens in manufacturing industries where it is more economical to shut a plant down altogether if it cannot be run with reduced labour. The 'shut' may affect all or some employees, e.g. all direct manufacturing staff but not admin and clerical staff unless their jobs interface with production. Maintenance staff are also often exempted from this provision as the shut down is used to carry out essential maintenance work which cannot be done while machinery is in everyday use. A typical clause might be:

"All employees other than maintenance workers will be required to take their holidays at the days specified below when the factory will be closed for essential works and maintenance:

- the week following the Easter weekend. Good Friday will be worked and Easter Tuesday given in lieu (5 days holiday including two public holidays)
- in the first 2 weeks of August (dates to depend on the calendar for each year) (10 days' holiday)
- Christmas/New Year (8 days including three public holidays)."

If this situation will affect an employee on a short-term contract, it is possible that he/she will not have accrued sufficient service to be paid for the whole of the holiday period. It should be made clear from the outset that any holiday in excess of what has been earned, will have to be taken without pay.

7. Sick Pay

Employers are under no obligation to pay anything other than SSP to qualifying employees. Where the organisation decides to enhance SSP, such contractual sick pay schemes tend to be complex, not least because of the need to ensure that the amount paid by the employer in excess of SSP entitlement does not result in the employee receiving more remuneration while off sick than would be paid if at work. For this reason it is worth referring the user back to the staff handbook:

“ During absence for sickness, you may be eligible to receive a sick pay allowance in accordance with, and subject to, the provisions set out in the staff handbook.”

If required, the employer can spell out the sick pay provisions in the contract but on the whole it is better to make these arrangements non-contractual. The period of time during which the employer makes an additional payment is entirely at his discretion.

A written sick pay policy might say:

“Occupational sick pay will be at the discretion of management and will not be unreasonably withheld. To qualify, you must have had [6] months' service with the organisation and have complied with the requirements on notification of absence and the provision of medical certificates. Maximum occupational sick pay in any rolling period of [12] [months] is:

Period of Qualifying Service	Maximum Sick Pay
0–6 months:	SSP only
6 months–2 years:	4 weeks' full pay
2–4 years:	4 weeks' full pay and 4 weeks' half pay
4–7 years:	6 weeks' full pay and 6 weeks' half pay
7 years or over:	8 weeks' full pay and 5 weeks' half pay

Where the organisation makes payment in times of sickness, this includes any entitlement to SSP. In the event that half pay is less than SSP, the amount will be adjusted to bring it up to 20% above SSP. However the total of occupational sick pay and SSP will not exceed normal full pay.

Part-time employees will receive pro-rated benefits.

While the organisation will normally be sympathetic to cases of genuine sickness, illness or accident, prolonged or persistent absence for these causes may be dealt with through the disciplinary procedure. Where the nature of the illness indicates that the employee might be regarded as having a disability under the Disability Discrimination Act, the organisation will try its best to help the employee return to work through reasonable adjustments where these are possible.

Where there is concern for an employee's health and his/her ability to carry out their work, the organisation reserves the right to ask that employee to submit to an independent medical examination, the cost of which will be borne by the organisation.

8. Pensions

Companies are not obliged to contribute to a pension scheme on behalf of their employees, nor must they have an occupational pension scheme of their own. However if they employ five or more people and do not have a pension scheme to which all employees may have access within three months of joining, they must offer employees the opportunity to join a stakeholder pension.

Company Pension

Employers should ensure that employees are made aware of the pension scheme and their eligibility to join it.

“The organisation offers employees the opportunity to join its pension scheme once they have completed [three] month[s]' service. Details of the scheme will be given to employees after their first month of service or can be obtained from [who to contact].”

“Employees who join the scheme remain contracted into the Second State Pension”

OR

“Employees who join the scheme are contracted out of the Second State Pension.”

9. Notice

The notice periods given in the above contract are the minimum periods of notice required by law:

Many employers expect to receive and give more than the statutory minimum periods of notice, especially for clerical, administrative or management staff. Optional variations to the minimum periods might be:

“Clerical, administrative and junior management staff

During your first [three] months of service you are expected to give and will receive [1] [week]'s notice in writing. Thereafter you are expected to give four weeks notice to the organisation should you wish to leave. The notice the organisation will give you, for reasons other than gross misconduct, will depend on your length of service and will be:

Service

Up to [3] months
From the [4th] month to the end
of the [4th] year of service

Notice from the organisation

[1] week
[4] weeks

Thereafter, an extra week's notice will be given for each full year of service up to [12] [weeks]' notice after [12 years]' service.”

Management staff

During your first [six] months of service you are expected to give and will receive [one] [month's] notice in writing. Thereafter you are expected to give [3] [months]' notice to the organisation should you wish to leave. The notice the organisation will give you, for reasons other than gross misconduct, will depend on your length of service and will be:

Service

Up to [6] months
From the [7th] month onwards

Notice from the organisation

[1] month
[3] months”

10. Signing the contract

The written terms and conditions do not have to be signed by either party to be legally binding, but it is good practice to ask employees to sign and to keep a copy with their signature on their personal files, as well as giving them a copy to keep.

Warnings

None

Further information

The employer may wish to introduce additional clauses into the contract.