

# Employment Contracts

An employment contract is an agreement between an employer and an employee that details the rights, responsibilities and duties of each party. A contract is created the moment an applicant unconditionally accepts a job offer, whether the offer was oral or written. Although oral employment contracts are enforceable, it is in the best interest of both parties to create a written contract in order to cut down on disputes and clarify terms of the employment.

## TERMS OF AN EMPLOYMENT CONTRACT

Employment contract terms can be (1) verbally agreed to, (2) written in a contract, correspondence, company policy, employee handbook or offer letter, (3) left as an implied term or (4) a combination of the three. Implied contract terms may include terms that are necessary to make the contract work, terms that are obvious or assumed, and terms implied by custom and practice.

An oral contract is just as binding as a written contract; however, the terms in an oral contract can be more difficult to prove. If the terms of the contract are broken, the offender may be liable under breach of contract.

## IMPLIED TERMS

Employment contracts can also include implied terms. Some of these implied terms include:

- Employer's duty to provide a secure, safe and healthy environment
- Employee's duty of honesty and loyal service
- Duty of mutual trust and confidence between both parties
- Necessary terms to make the contract workable
- Custom and Practice—terms and conditions that become implied because it has been consistently done over a period of significant time

## THE WRITTEN STATEMENT OF EMPLOYMENT PARTICULARS

### *The Law*

| England, Wales and Scotland    | Northern Ireland                   |
|--------------------------------|------------------------------------|
| The Employment Rights Act 1996 | The Employment Rights (1996) Order |

Employers are required to give their employees a written statement of employment particulars if their employment contract lasts longer than a month. This written statement must be provided within two months after the beginning employment. The written statement itself is not a contract, but can be used as evidence to prove terms on the contract in the event of dispute.

A written statement may be a singular document or consist of several different documents. However, certain particulars must be set out in a singular document known as the 'principal statement'. Other remaining particulars required by statute can be included or set out in other documents, such as the employee handbook. A [sample written statement of employment particulars](#) can be found on gov.uk.

The **Principal Statement** must include these particulars on one, singular document:

- Legal name of the employer company.
- Employee's name, start date, title of the job or brief description of the work.

This summary is provided for general informational purposes only and does not apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly. Rev 27/2/14.

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- Whether a previous job counts towards a period of continuous employment and the date the period started.
- Rate of pay or how it is to be calculated and at which intervals it will be paid out.
- Terms and conditions relating to hours of work.
- Entitlement to holidays, including public holidays and holiday pay. There must be accurate information to allow for precise calculation of accrued entitlement.
- Address of employee's place of work and whether relocation is possible. If more than one location, indicate this with the employer's address.

The following **additional required particulars** may be included in the same document as the principal statement, but can also be given separately:

- Period of employment—if employment is not intended to be permanent, the period for which it is expected to continue, or if fixed-term, the end date.
- Collective agreements that directly affect terms and conditions of employment.
- Terms related to employment in another country.
- Terms and conditions relating to sick pay.
- Terms relating to pensions and pension schemes.
- Length of termination notice required from both parties.
- Dismissal, disciplinary and grievance procedures, including name or title of person employee should apply to:
  - Resolve a grievance, and how to make such an application.
  - If dissatisfied with any disciplinary decision or dismissal and how to make such an application.

## CHANGING THE TERMS OF THE CONTRACT OR WRITTEN STATEMENT

Periodically due to changes in economic circumstances, employee promotions, disciplinary actions, reorganisation, or new laws and regulations, an employment contract may need to be changed or modified. A contract of employment cannot be changed unless it is agreed to by both parties. If an employment contract is improperly changed, the employee may be entitled to sue for breach of contract or claim constructive dismissal. Some contracts may include flexibility clauses, giving employers the right to change certain conditions. However, flexibility clauses cannot be used to bring in completely unreasonable changes.

If the written statement of particulars is changed or modified, employers must tell the employee in writing no later than one month after the change. If the change requires an employee to work outside of the UK for more than a month, and they will be departing within a month of the change, the employer must notify the employee in writing before the departure date. Most changes will require the notification to explicitly state the particulars of the claim. However, a referral to some other document (such as a company handbook) will suffice for the following changes: entitlement to sick leave, pensions, and disciplinary rules and procedures.