You've decided who you want to employ. When you write offering them the job, it is worth including their key terms and conditions of employment such as job title and pay. But remember once they have accepted your offer, you have entered into a legal arrangement, in effect a contract of employment. And some of their employment rights will begin as soon as they start work with you.

In offering the job, you do not have to put down in writing all of their terms and conditions of employment, but you will have to do this within two months of them starting work with you. And the sooner you do this the better.

Follow these guidelines on how to do this and what to include.

This tool is aimed at small firms, and line and team managers in larger organisations.
The new employee’s contract
A step-by-step guide

Be prepared
Know the basics and comply with the law

Tell the new employee the key terms of their employment – job title, pay and any benefits, hours, place of work, start date and any probationary period. This can be done orally, in writing, or through a mixture of the two. However, it is best to give the employee the terms in writing before they start work to avoid disagreements.

- Remember, a contract of employment starts as soon as they accept your job offer, although it is common for it to be subject to satisfactory references.
- Within two months of their start date, you must give the new employee their terms and conditions of employment in a Written Statement of Terms and Conditions of Employment.
- Later, changes to their terms can be made, but only if employer and employee agree, or if there is a clause in the original terms which cover the alteration.

The contract of employment is made up of:
- Your job offer;
- The Written Statement of Terms and Conditions of Employment;
- The company procedures, policies and documents referred to in the statement – for example, your disciplinary and grievance procedures;
- Employment laws, such as those relating to maternity rights, unfair dismissal and annual leave;
- Some rules which are too obvious to be written into the statement. For example, an employee will not steal from their employer.
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Step 1
What you must include
The Written Statement of Terms and Conditions of Employment must include:

- **Job title** and a brief description of the main duties of the role.
- **Name of the employer** and its address, and employee and their address.
- Employee’s **start date**.
- **Pay** – how much, whether weekly or monthly, and dates when and how it will be paid.
- Any **benefits**, such as company car or private health insurance.
- **Pension** – key details of the company scheme.
- **Hours of work** – the number the employee will be contracted to do in a working week, plus details of normal working hours and break time, and any conditions regarding flexibility of hours.
- **Location/s** where the employee will regularly work, including any outside the UK. If the employee is being taken on to work overseas for more than one month, you should outline any conditions.
- **Holidays** – annual leave entitlement, any conditions when it can be taken and what unused leave can be carried over to the next year, plus bank holiday entitlement.
- Details of **sick leave** pay.
- Length of any **probationary period** and conditions.
- Whether the post is **permanent**, or fixed-term or temporary with the date it ends.
- **Periods of notice** – how long beforehand an employee must tell their employer they are leaving, and how much notice the employer must give the employee if they are letting them go.
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Step 2
What you should include

The employment contract should include details of:

- Any agreements with other staff, called collective agreements, which affect the employee’s conditions of employment. For example, there may be a collective agreement for claiming travel expenses.

- How you will handle:
  - Discipline. Explain behaviour expected from employees, what is not acceptable and say who an appeal against a disciplinary decision should be raised with. For more on handling discipline, see Managing discipline: Investigation to possible dismissal, another online tool which is part of this series of guides.
  - Grievances. If an employee has a problem or complaint, they need to know who it should be taken up with. You should also name the person who will deal with an appeal they might make after a grievance meeting. For more on handling grievances, see Managing a complaint, another online tool in the series.

- Absence policies. Say how, when and to whom the employee should report when they are off ill from work. For example, you might expect them to ring work within an hour of their normal start time. For more on handling absence, see Managing staff absence, another online tool in the series.

- Company procedures, policies and important documents affecting an employee’s employment and where these can be easily found. These might include policies on health and wellbeing, use of the internet and taking time off for family emergencies.

Sample Written Statement of Terms and Conditions of Employment (see Acas web page 1392)
Step 2
Real-life situation

But if you can’t agree to a change to your employee’s contract, you have three options:

1. **Impose the change**, but the employee could claim for breach of contract at a civil court or for constructive dismissal or unfair deduction of wages at an employment tribunal;

2. **Terminate the existing contract** and offer to re-engage the employee on the new terms. If the employee has been working with you for two years (or one year if they started with you before 1 April 2012) they could claim unfair dismissal;

3. **Keep talking** and try to reach a compromise. You might be able to offer the employee an incentive to agree to the change.

For more information see the Acas guide **Varying a contract of employment** on the Acas website.
Be prepared
The start of a legal relationship

Know the basics and comply with the law

Drawing up the
Written Statement of Terms and Conditions of Employment

Step 1
What you must include

Step 2
What you should include

Step 3
If you need to change a contract

Useful tools
Real-life situation

Myth-busting:
True or false?

The new employee’s contract
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Useful tools

Real-life situation

You’re delighted with the new hairdresser you’re taking on. You give her a phone call and talk through the terms of her employment. You chat about her pay and hours and mention that she will need to work every other Saturday.

But after a couple of weeks she asks you why she isn’t working every Saturday. She points out that it’s the busiest day in the salon and the best opportunity for her to develop her reputation. She thought this was part of the deal you agreed.

What happens next?

You’ve now got a new employee who is unhappy over your misunderstanding and you’ve got yourself into a tricky situation. Verbally agreed terms are legally binding, but, of course, they are hard to prove. Even so, you didn’t want to end up in a dispute – you want happy staff who will help grow your business.

You may now have to negotiate with your new employee because you want to keep her – she’s a talented hairdresser who should bolster your salon.

What you should have done is put the terms and conditions in writing before she started – preferably outlining these in the letter offering her the job. Also, did you give enough thought to the question of Saturday working before you took her on? It might have been better to have been flexible about this part of the contract.

Remember that, in law, your new employee has to have their terms and conditions in writing within two months of starting work in a document called a Written Statement of Terms and Conditions of Employment.
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Myth busting: True or false?

If I take on somebody, and just agree verbally that they’ll be working for me, then they don’t really have a contract of employment because there’s nothing in writing. And if that’s the case, I can change their conditions of employment as I go along.

No, that isn’t the case. If you verbally offer someone a job and they accept, then a contract of employment has begun at that point and the agreed terms are legally binding. And as soon as the employee starts work for you, then some of their employment rights kick in from day one.

And sooner, rather than later, you will have to put their terms and conditions of employment in writing. Within two months, in fact, when in law, you must give a new employee a Written Statement of Terms and Conditions of Employment.

If you don’t provide a written statement within two months, you are storing up potential misunderstandings further down the line. The employee may become disgruntled and leave or end up taking you to an employment tribunal.

How useful is this tool? Email webteam@acas.org.uk to let us know.

And if you want to know more...

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