

EMPLOYMENT

Employment Contracts

What the day-one written statement must contain by law, and what a well-drafted contract should add for the employer's protection.

The legal minimum: the written statement

Every employer must give an employee, and since April 2020 every worker, a written statement of the main terms of employment. It must be given on or before the first day of work (section 1 of the Employment Rights Act 1996). A statement is not the same as a contract, but it is the minimum the law requires, and many employers treat it as the starting point for a fuller contract.

The statement must cover, in outline:

- the names of the employer and the employee or worker, and the start date
- job title or a description of the work, and the place of work
- pay, how often it is paid, and the working hours and days
- holiday entitlement, including how holiday pay is calculated on leaving
- any probationary period and its conditions
- the notice period each side must give
- sick pay and other paid leave, and any other benefits
- training, and any training the employee must complete at their own cost
- details of any other terms, such as pension arrangements and collective agreements

Some items may be given in a second document within two months, such as details of disciplinary and grievance procedures. The rules have been extended more than once, so check the current list before issuing documents.

Why a contract should do more

A statement records the facts. A well-drafted contract protects the business as well. The employee has rights whether or not the contract mentions them, but the employer's protections must be written down to be relied on.

Employee, worker or self-employed

The statement is a right of employees and workers, and the two are not the same. A worker has fewer rights than an employee but more than a self-employed contractor, for example to paid holiday and the minimum wage. Decide status at the start and draft accordingly, because a document that mislabels a person gives no protection if the facts say otherwise.

Key points

- The statement is due on or before day one, for employees and workers.
- It is a legal minimum, not a complete contract.
- Terms agreed verbally and by conduct also bind. Put them in writing.
- Any change to terms needs agreement, or a properly followed process.
- Contract terms must not conflict with the statutory minimums.
- Keep signed copies on the personnel file.

What a good contract adds for the employer

- **Probation.** A clear period, the right to extend it, and a shorter notice period during it. The effect on dismissal rights is under reform, so the wording should be checked each time.
- **Confidentiality.** A duty not to disclose business information, during and after employment.
- **Intellectual property.** A clause assigning to the company what the employee creates in the course of the job. The law gives the employer most rights in employee-created work, but a clause removes doubt.
- **Restrictive covenants.** Reasonable limits on competing or approaching clients and staff after leaving. See our separate guide.
- **Place of work and mobility.** The right to ask the employee to work elsewhere, within reason.
- **Flexibility.** The right to change duties, within reason, and to place the employee on garden leave during notice.
- **Deductions.** A written agreement allowing the employer to recover overpayments or training costs from final pay, which is lawful only if agreed in advance.
- **Company property and IT.** Rules on use, return and monitoring.
- **Disciplinary and grievance.** The ACAS Code applies, and ignoring it can raise an employment tribunal award.

Before you start

- Is the person an employee, a worker or a contractor?
- Is a probation period needed?
- What notice is right at each stage?
- Are covenants proportionate to the role?
- Does the contract reflect pension auto-enrolment?
- When were templates last checked?

Changing terms later

The employer cannot normally change terms unilaterally. Include a clause reserving the right to update non-essential terms, such as policies. For changes to pay, hours or duties, seek the employee's agreement. Imposing change by dismissing and re-engaging is under reform and carries risk (the Employment Rights Act 2025).

Reform in progress

Employment law is being changed in stages, including rights from day one, sick pay and flexible working. Contracts and templates should be checked against the current position before each use.

Pensions and benefits

Employers must enrol eligible staff into a workplace pension, and the contract should say so. Where benefits such as a car allowance or private medical cover are provided, say whether they are contractual and when they can be withdrawn. Say what happens to them during sickness and notice.

How MTM can help

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We prepare employment contracts and written statements for practices and their clients, tailored to the role and the business. We also review existing templates, draft variations and handbooks, and keep them current as the law changes. Our work supports your employer clients on the legal documents. Payroll and HR advice remain with you or your client's HR adviser.