

Questions & answers

What are the key elements of an employment contract and a “section 1 statement”?

Q1. Are employment contracts different from other contracts?

A. Most of the time employment contracts are analysed like any other contract. For example, you need an offer, an acceptance, and value given by either side. Sometimes employment contracts have special rules such as for how to deal with things when the contract is broken. But if you know a bit about basic contract law, that will help you when you are putting together an employment contract.

Q2. Do I need to record anything in writing?

A. An employment contract can be binding even if it's not in writing. However, there are specific rules about recording key elements or “particulars” of the contract into a document. These rules are set out in section 1 to section 3 of the Employment Rights Act 1996 and the document itself can be called a “section 1 statement”. Often employers simply treat the section 1 statement as the contract itself. This is usually fine, but sometimes it can cause problems such as when you want to know if a particular duty is actually contractually binding or not.

Q3. When must I issue the section 1 statement?

A. Most key particulars must be contained in a single document given by the beginning of employment (the Principal Statement), some particulars may be contained in a reasonably accessible document that the section 1 statement refers to, and some

particulars may be given in instalments but no later than two months after the start of the employment. Despite these flexibilities, it is a good habit to issue everything you need to and get signed agreement before employment starts.

Q4. What happens if I vary the employment contract?

- A. If you vary the contract, you must issue an updated section 1 statement as soon as possible and no later than one month after the change.
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Q5. What particulars must be included in the principal statement?

- A. The principal statement must contain the following particulars of employment:

- ▶ The names of the employer and the employee
- ▶ The date when the employee's employment began
- ▶ The date on which the employee's period of continuous service began

The principal statement must also contain the following particulars of terms and conditions, applicable at a specified date not more than seven days before the statement is given:

- ▶ The scale or rate and intervals of pay
 - ▶ Any terms and conditions relating to hours of work
 - ▶ Any terms and conditions relating to holiday entitlement and holiday pay
 - ▶ The length of notice that must be given by either party to terminate the contract.
The section 1 statement may refer the employee to the provisions of a reasonably accessible collective agreement for these particulars
 - ▶ The job title, or a brief description of the work to be done
 - ▶ If not permanent, how long the employment will last
 - ▶ Details of any probationary period
 - ▶ The place of work or and the address of the employer
 - ▶ Further details including regarding payment where the employee or worker is required to work outside the UK for more than one month
 - ▶ Details of required training and who will pay for it
 - ▶ Any other benefits provided by the employer that do not fall within the above
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Q6. What particulars may be contained in a reasonably accessible document?

- A. A section 1 statement may refer the employee or worker to a reasonably accessible document for particulars of any of the following:

- ▶ Any terms and conditions relating to incapacity for work due to sickness or injury, including any provision for sick pay
- ▶ Any terms and conditions relating to any paid leave (besides holiday or sick leave which are the subject of express provision)
- ▶ Any terms and conditions relating to pensions and pension schemes
- ▶ Any training entitlement provided by the employer

It is also possible for terms and conditions relating to pensions and pensions schemes and those relating to training entitlement provided by the employer to be given in instalments.

Where there are no particulars for any of the matters listed above, the section 1 statement needs to say so.

Q7. What particulars may be given in instalments within two months?

- A. Particulars of the following may be given in instalments but must be given no later than two months after the beginning of the employment or engagement, even where the employment or engagement ends before that date:
- ▶ Any terms and conditions relating to pensions and pension schemes
 - ▶ Any collective agreements which directly affect terms and conditions including where the employer is not a party, the persons by whom they were made
 - ▶ Any training entitlement provided by the employer
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Q8. Is there anything specific about disciplinary procedures?

- A. Yes. A section 1 statement must include a note specifying:
- ▶ Any disciplinary rules applicable to the employee or worker or which refers them to the provisions of a reasonably accessible document specifying such rules
 - ▶ By description or otherwise, a person to whom the employee or worker can apply:
 - if dissatisfied with any disciplinary decision relating to them or any decision to dismiss them; or
 - for the purpose of seeking redress of any grievance relating to their employment and the manner in which any such application should be made
 - ▶ Any further steps consequent on the employee or worker making such an application, or referring them to the provisions of a reasonably accessible document which will explain them.