



If your group is going to employ staff, it's very important for you to develop well-structured employment contracts. This process will not only safeguard your group against any legal employment issues but will also help you to manage your day to day operations.

## What are employment contracts?

Employment contracts are legal agreements between the employer and the employee. In simple terms, employment contracts explain what you will do for your employee and what they will do for your group. They will typically also provide a framework or code of conduct within which you both operate.

## Types of employment contracts

### Employee

This will normally refer to a full or part time employee working within your group. Generally, you will specify the job remit and dictate, where, when and how these activities are delivered.

Within this form of agreement, you will be expected to pay these employees through a payroll service, to deal with their personal taxation and also enable them to benefit from legal employee benefits such as sick pay, maternity or paternity leave, working time directives, etc.

### Consultancy or associate

This form of agreement will normally refer to infrequent and non-prescriptive relationships with external staff who undertake tasks or project work on your behalf. Within these relationships you would normally design a project brief but not dictate when and how the work will be undertaken.

Your group is not responsible for personal taxation or personal insurances, and you would pay these people on submission of an invoice.

It is important to remember that this agreement is only relevant to ad hoc or infrequent projects. Many groups have been caught out by creating this form of a relationship and then finding out they owe significant employee tax as the role should have been classified as an employee.

**Note:** Both of these contracts would require your group to fully look after the welfare of employees, consultants or associates. This would involve the provision of a safe and appropriate working environment, the correct public insurances and the provision of relevant policies and procedures relating to discrimination, health, safety etc.

## Does your group have to develop employment contracts for volunteers?

In short – the answer is no. As volunteers are not employees of the group, they do not need a formal contract. However, it is accepted as good practice to provide a role description, alongside a volunteer code of conduct that sets out what your group expects from volunteers and what volunteers can expect from your group. You should also ensure that volunteers are provided with guidance on the policies and procedures that are relevant to their role.





## Why should your group develop employment contracts?

Well-structure employment contracts will make running your group much easier from the:

### Employee perspective

- Disputes and disagreements with employers are often caused by unclear and inconsistent standards
- Most employees prefer their involvement to be structured and unambiguous
- A lack of clarity in one's role can lead to frustration and insecurity

### Employer perspective

- Save the organisation time and make the management of staff easier
- Safeguard your organisation against potential legal challenges and employment disputes
- Employees can often win employment tribunals because contracts were unclear or poorly prepared

### Day-to-day perspective

- Help your organisation to manage staff rotas
- Plan for periods of sickness or maternity cover
- Manage budgets
- Get the best value from everyone involved in the organisation

## Employment contracts

There is no single or correct way to produce an employment contract and there is no fixed format/order that the information has to appear. That being said, you will find most contracts cover the following topics:

**Job context** This is the contract's introduction. Begin by naming the job title and the position within the organisation. Then identify the overall aim of this role, the expected outcomes and any major responsibilities that it involves. Here you will explain the job description included in the advertisement, along with any additional details you have agreed with the individual. Details of what include are expanded upon within the ["Employment Contracts: Planning Guide"](#)

**Working environment** Explain the environment the employee is expected to work within. This may refer to working within one specific office or detail a number of locations. Define any special requirements related to these specific locations (e.g. expected to drive to events and activities). Then define the hours of work and any special projects/events that may require additions or changes to this, within reason.

**Operating procedures/code of conduct** Provide a brief explanation of your company's policies and procedures. To keep this section brief it is sensible to cross reference with your staff handbook. Some contracts will also use this section to introduce an organisational code of conduct.

**Terms and conditions** Detail the employee remuneration (salary) and benefits. This will include holiday/leave entitlements and any bonus/productivity schemes. It will also include if the role is eligible for a workplace pension (details available on [thepensionsregulator.gov.uk](http://thepensionsregulator.gov.uk)). If your organisation works with young people, be sure to include which level of background check you require prior to employment. Finally, include that the individual has agrees they 'Right to Work' in the UK.



# EMPLOYMENT CONTRACTS: THE BASICS

A guide to help you structure your team and prepare your own contracts



**Training and support** Outline your obligations to the employee's personal development. In addition to training programmes, this may also include mentoring support, performance reviews and appraisals.

**Employment status** Detail the duration of the contract and provide information relating to probationary periods. This may also explain how the contract can be terminated and how disputes will be discussed and resolved. Within this section you should also look to build in a level of flexibility. Things will change and you need to be able to adapt accordingly.

For more information about what to include when writing up your contracts, see our ['Employment Contracts: Planning Guide'](#).

If you work through the above topic areas and the 'Employment Contracts: Planning Guide', you should be able to identify the important areas to include in your contracts and create a sensible flow to the information. You can then proceed with having the employee and employer sign a copy, that should be filed appropriately.

## [Download the Sported Employment Contract Planning Guide](#)

### KEY RESOURCE

#### **Employ someone: Step-by-Step**

Check what you need to do employ someone to work for you. Available on <https://www.gov.uk/employ-someone>

Resource includes information regarding the following steps:

1. Check your business is ready to employ staff
2. Recruit someone; Check they have the right to work in the UK; Find out if they need a DBS check
3. Check if they need to be put into a workplace pension
4. Agree a contract and salary (including details on National Minimum Wage)
5. Tell HMRC about your new employee

### Need more advice?

For more information on the development of employment contracts we recommend you visit the Gov.uk Website, <https://www.gov.uk/business>



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