Contracts are for everyone

In our May 2013 blog we highlighted a case where an employer suffered a fine of €40,000 for failure to follow good processes. As part of that article we suggested a checklist to help protect your business from similar large fines. At this stage we hope you have gone through your checklist and have identified some areas to work on.

The next step is to implement some simple procedures. Over the coming months we will outline some good employment practices for your business which should put you in a strong position to promote a high performance culture while safeguarding your business against unnecessary fines.

Let's begin by focusing on the early stages of the employment relationship. It is vital that each employee is given a contract of employment within the first 2 months of employment containing at a minimum the following information: (it is important to note that companies may include specific clauses of their own in a contract of employment as well as those outlined here)

The full name of employer and employee

The address of the employer

The place of work

The title of job or nature of work

The date the employment started

If the contract is temporary, the expected duration of the contract

If the contract of employment is for a fixed term, the details

Details of rest periods and breaks as required by law

The rate of pay or method of calculation of pay

The pay reference period for the purposes of the National Minimum Wage Act 2000

Pay intervals

Hours of work

That the employee has the right to ask the employer for a written statement of his/her average hourly rate of pay as provided for in the National Minimum Wage Act 2000

Details of paid leave

Sick pay and pension (if any)

Period of notice to be given by employer or employee

Details of any collective agreements that may affect the employee's terms of employment

*In some cases the contract may not contain full details but refer to another document such as a handbook, pension plan document, shift patterns document….

It is also worth noting that different kinds of contract exist and that all staff should be issued with the correct contract. Here is a brief summary of the various types of contract:

1) **Permanent Contract**: Is a contract for which there is no specified end date (except perhaps an indicated normal retirement age). A permanent contract can be for either part time or full time hours

2) **Temporary contract**: Is a contract of specified / fixed duration and may involve part time or full time hours

3) **Contract for Services**: Typically used when a company engages a contractor, for instance, and there is a pre agreed fee for the provision of specific services. This type of contract will be dealt with specifically in a future article.

Failure to issue a contract to all employees can lead to numerous problems such as;

a) Possible fine following an inspection from the National Employment Rights Authority

b) Confusion, and possible disengagement by new employees

c) Difficulty in defending potential future disputes

As well as the contract of employment employers must also furnish employees, within 28 days, a written copy of the company's detailed disciplinary and grievance procedures. This is normally contained in the staff handbook. In the event of a disciplinary dispute the first question that will be asked is "did you supply all of your staff with a written copy of the company's detailed disciplinary and grievance procedures?"

This month's checklist has just two important questions to answer;

Have you issued the **correct contract** to all of your staff?

Have you issued in writing a copy of the company's detailed **disciplinary and grievance** procedures to all of your staff?

For further information please contact:

Ronan@solveRidge.com   Sean@learningcurve.ie

Note: All content in this article represents an overview of a topic and does not constitute specific advice. For specific solutions or guidance please make contact using the details provided.