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Description automatically generated**TYPES OF EMPLOYEE CONTRACT**

There are many different types of employment status that you can consider when building your team around you. There are different legal considerations for both you and your team and we have outlined the basics to be considered below.

**CASUAL CONTRACTS**

Casual workers are not considered to be employees working under a contract of employment because there is no obligation on either side and, under this contract, there is no continuing employment relationship between assignments. However, employers should ensure that assignments are of short duration and there is a sufficient gap between assignments (i.e. more than a week) to avoid claims that assignments are linked under a ‘global’ contract (see below Zero Hours Contract).

As a casual worker is not an employee, many of the standard employment contract clauses, for example, those relating to pensions, collective agreements, grievance, disciplinary, maternity and paternity, sick pay and retirement do not apply and as such this can be a beneficial arrangement in the visitor economy sector where there are peaks and troughs and especially in the early growth phases of the business.

This Casual Work Contract (see template) should only be used when employers have variable demands for staff. Under a casual work contract, the Employer has no obligation to offer work to an individual and the individual is not required to accept the work when it is offered.

Casual workers are entitled to the National Minimum Wage in the same way as regular workers.

This type of contract will need to be reviewed regularly to ensure it reflects the current position on casual workers.

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**ZERO CONTRACT HOURS**

The Zero Hours Contract is designed to create an ‘on call’ arrangement between Employer and Employee. They are used to cope with varying staff requirements and in this sense are also casual contracts but with zero hours contracts the Employer is under no obligation to offer an Employee work and, when it does, the Employee is not required to accept the offer.

Using this contract allows Employers to retain a pool of workers to fill temporary positions as they arise. These individuals are workers, and not self-employed, because there is a global contract covering the periods when they are not working.

Zero-hours workers are entitled to statutory annual leave and the National Minimum Wage in the same way as regular workers.

You cannot do anything to stop a zero-hours worker from getting work elsewhere. The law says they can ignore a clause in their contract if it bans them from:

* looking for work
* accepting work from another employer
* You are still responsible for the health and safety of staff on zero-hours contracts.

**TEMPORARY STAFF THROUGH AN AGENCY**

Temporary staff may also be beneficial for you to consider, perhaps to cover for holidays; peak periods; special events or whilst recruiting.

You have the benefit of experienced staff at the drop of a hat.

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Description automatically generatedFor you as an employer, this means:

* you pay the agency, including the employee’s National Insurance contributions (NICs) and Statutory Sick Pay (SSP)
* it’s the agency’s responsibility to make sure workers get their rights under working time regulations
* after 12 weeks’ continuous employment in the same role, agency workers get the same terms and conditions as permanent employees, including pay, working time, rest periods, night work, breaks and annual leave
* you must provide the agency with information about the relevant terms and conditions in your business so that they can ensure the worker gets equal treatment after 12 weeks in the same job
* you must allow agency workers to use any shared facilities (for example a staff canteen or childcare) and give them information about job vacancies from the first day they work there
* you are still responsible for their health and safety

**SELF EMPLOYED AND SERVICE COMPANY AGREEMENTS**

Contracting the services of self-employed or service companies may also be beneficial for you to consider, where you require specialist services to be provided on an 'as and when' basis; where the contractor is able to work with other clients and is able to substitute staff members without reference to you and where the contractor is able to work off-site or using their own tools to produce the work. The type of roles this could include are administrative; accounting; marketing.

In these instances, the contractor is responsible for their own tax liabilities, and they have no employment rights. It is still recommended that you enter into an official agreement to ensure that the contractor is independent and that you are not drawn into complicated tax issues and liabilities.

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**FULL TIME - PERMANENT CONTRACT**

Full-time permanent employees are often the cornerstone of a business, and this is most likely the status afforded to the main contact working within your business.

This type of contract can be based upon the employee being hourly paid or salaried and should set out the employees working hours, holiday entitlements, position within the organisation, and various other aspects of the employee’s working arrangements. A permanent employee is entitled to holiday and sickness pay as well as many other protections.

It is important to note that where a business employs more than 1 person (Including the Director) then the business must register for and set up a company pension scheme, which all permanent employees or zero-hour contract employees are signed up to (unless they decide to opt out). This can be costly for a business and needs to be carefully considered.

As an employer you must give employees:

* a written statement of employment or contract
* the statutory minimum level of paid holiday
* a payslip showing all deductions, such as National Insurance contributions (NICs)
* the statutory minimum length of rest breaks
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  Description automatically generatedStatutory Sick Pay (SSP)
* maternity, paternity and adoption pay and leave

You must also:

* make sure employees do not work longer than the maximum allowed
* pay employees at least the minimum wage
* have employer’s liability insurance
* provide a safe and secure working environment
* register with HM Revenue and Customs to deal with payroll, tax and NICs
* consider flexible working requests
* avoid discrimination in the workplace
* make reasonable adjustments to your business premises if your employee is disabled

**PART TIME - PERMANENT CONTRACT**

A part-time employment contract usually contains much of the same information as the contract of a full-time employee but on a pro-rata basis (calculated from what you would have earned if you were working full time).

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Description automatically generatedThe law protects part-time workers from being treated unfavourably on the basis that they are employed part-time.

It is important to make sure that the terms and conditions of employment for part-time employees are comparable to those of full-time employees.

As an employer you must give employees:

* a written statement of employment or contract
* the statutory minimum level of paid holiday
* a payslip showing all deductions, such as National Insurance contributions (NICs)
* the statutory minimum length of rest breaks
* Statutory Sick Pay (SSP)
* maternity, paternity and adoption pay and leave

You must also:

* make sure employees do not work longer than the maximum allowed
* pay employees at least the minimum wage
* have employer’s liability insurance
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  Description automatically generatedprovide a safe and secure working environment
* register with HM Revenue and Customs to deal with payroll, tax and NICs
* consider flexible working requests
* avoid discrimination in the workplace
* make reasonable adjustments to your business premises if your employee is disabled

**EMPLOYMENT OF YOUNG WORKERS**

There are different considerations for workers under 18 years of age and elements such as minimum wage and entitlements is dependent upon the age of the person.

Children under 13 are generally prohibited from any form of employment.

A child is anyone who had not yet reached the official minimum school leaving age of 16.

A young person is anyone under the age of 18 years.

Exceptional circumstances apply to those who employ young workers and you must ensure that you are familiar with and comply with these conditions before recruiting or considering recruiting a young person.

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Description automatically generatedUnder the Management of Health and Safety at Work Regulations 1999, an employer has a responsibility to ensure that young people employed by them are not at risk due to:-

* Lack of experience
* Being unaware of existing or potential risks/and or
* Lack of maturity

An employer must consider:

* The layout of the workplace
* The physical, biological and chemical agents they will be exposed to
* How they will handle the work equipment
* How the work and processes are organised
* The extent of health and safety training needed
* Risks from particular agents, processes and work

Children under 16 do not pay National Insurance, so you only need to include them on your payroll if their total income is over their personal allowance (up to £12,570 as at April 2021).

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Description automatically generatedYoung people may also have certain employment rights like:

* statutory maternity pay and ordinary statutory paternity pay if they qualify as a result of their continuous employment
* paid time off for study and training
* redundancy pay
* Young workers and apprentices have different rates from adult workers for the National Minimum Wage. For full and up to date details see <https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2021-to-2022>

**EMPLOYMENT OF VOLUNTEERS**

Volunteers are often a great resource for small businesses, especially those with some form of social or community association. However, there are challenges and responsibilities that come with employing volunteers and this includes: -

* Allowing for increased staff rostering and scheduling time – in some cases this can be considerable.

Whilst some people are happy to commit to specific days and times, weeks or even months in advance – many people who volunteer do so because whilst they want to contribute, but they do value their freedom

* Training and knowledge updates can take longer to complete

You are still responsible for the health and safety of volunteers working with you and for ensuring they are effectively trained to undertake their roles.

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Description automatically generatedBecause volunteers tend to work shorter and often irregular shifts, instead of being able to run one training course or update employees in one hit on any changes in procedures or regulations, you will likely have to repeat this over several shifts to make sure everyone is up to date.

* Potential increase in insurance

This will depend very much on your insurer. Legally your business must have public liability insurance and, if you employ more than 2 people (including you), then you must also have employee liability insurance. Technically a volunteer is neither a member of the public or an employee – but you will need to ensure that they are covered in the event of any accident or injury caused by volunteering for you.