

Model statement of terms and conditions of employment for a co-operative

An employment contract exists between the employer and the employee from the moment the employee begins work (although this may of course be based only on an informal verbal agreement).

Within two months all employees have a legal right to a written statement, which contains the main terms and conditions of his/her employment. This model statement includes all of the required provisions.

This model has been drawn up for use by small and medium size co-operatives. It complies with all statutory regulations imposed under the Employment Rights Act 1996.

These notes should be used to ensure that no amendments are made that will result in the co-operative failing to meet minimum statutory requirements. If you wish to make any changes not covered by these notes we would encourage you to check their legality with Co-operatives UK, before making them. We cannot guarantee that any changes made that are not checked with Co-operatives UK will be acceptable in law.

Model Statement of Terms and Conditions of Employment for a Co-operative

The following are the terms and conditions of employment issued in accordance with the Employment Rights Act 1996.

1	Parties to the agreement	
1.1	Name of Employee [insert name of employee]	
1.2	Name of Co-operative [the co-operative's full registered name]	If the co-operative is a corporate body then the co-operative is the employer
2	Employee members	Include this provision if an employee is a member of the co-operative by virtue of their membership
2.1	The co-operative's governing document permits employees to become members of the co-operative. After successfully completing your employment probationary period, and subject to you meeting the membership criteria as set out in the co-operative's governing document, you may apply to become a member of the co-operative.	
2.2	On successful application and during your membership of the co-operative, you are required to abide by its governing document in addition to your terms and conditions of employment.	
2.3	If you become subject to any of the co-operative's disciplinary and/or grievance procedures, your membership rights may be suspended.	
2.4	If, under the provisions of the co-operative's governing document, you cease to be a member of the co-operative, your employment with the co-operative will be reviewed and the impact upon your employment considered.	
2.5	If your employment with the co-operative terminates, your membership of the co-operative terminates [and your directorship terminates].	
3	Date of commencement of employment	
3.1	Your employment commenced on [insert commencement date] and [no employment with a previous employer counts] [your previous employment with [insert full registered name of employee's previous	

	employer] counts] as part of a period of continuous employment.	
4	Probationary Period	
4.1	There is a probation period of [insert no. of months] months for new employees, during which time you shall be entitled to [insert notice period] notice.	The co-operative may choose to include a probationary period in the contract, generally probationary periods are between 6-12 months in duration.
4.2	The probationary period will come to end when confirmed in writing by [the co-operative's governing body], [your line manager], [the person/department with delegated authority].	
5	Job title [and duties]	
5.1	You shall be employed as [insert job title].	
5.2	You are required to carry out those duties outlined in your job description, which is attached. It does not form part of your contract of employment.	It is important to be clear as to what the duties of the job involve. It is recommended to outline these in an appendix entitled 'job description.'
5.3	From time to time, you may be required to undertake other duties in accordance with the needs of the business. You may also be expected to participate in the general management and administration of the co-operative.	
6	Place of employment	
6.1	Your place of employment shall be at [insert address] [or such other places as the co-operative's Governing Body may require].	
7	Hours of work	
7.1	Your normal hours of work will be [insert no. of hours] hours per week from [insert days of the week to be worked] excluding meal breaks, and will be worked in accordance with the following time arrangements [insert detail] [all relevant benefits are pro-rated to your basic working hours] .	The hours of work should be specified. If the co-operative wishes to operate a flexi-time system then it is important to state whether certain core times must be worked. Include the section in red if the employee works part time.
7.2	The co-operative reserves the right to alter working hours as necessary.	
8	Overtime	
8.1	[Overtime worked is not paid [and time off should be taken by arrangement in	It is important to have a policy which states whether overtime is obligatory or

	lieu.]/Overtime shall be paid [at the ordinary rate of pay][at the rate of £[] per hour for each hour worked over your normal full time working week of [] hours.	a matter of choice and whether it is paid or unpaid.
9	Remuneration and benefits	
9.1	Your rate of pay at the date of issue of this statement is £[] per hour/week/month/year. The rate of pay may be reviewed [insert when it will be reviewed (eg) annually], every [insert month of review (eg) April].	Market forces usually determine pay, but when setting pay scales, the co-operative should be mindful of the national minimum wage rates - www.gov.uk/national-minimum-wage-rates
9.2	The co-operative is authorised to deduct any sums due to it from your salary or any other sums due to you from the co-operative.	The co-operative has a responsibility to collect Income Tax and National Insurance contributions from their employees, by deducting them from gross wages and forwarding them to HMRC.
9.3	Payment shall be made by [insert method of payment] monthly/weekly in partial arrears/advance on or about [insert date/day] of each week/month.	
9.4	You will receive written notification each pay day of the amount of your gross pay and the nature and amount of all deductions.	The co-operative is legally obliged to give their employees an itemised pay statement showing gross wages, take home pay and all deductions.
9.5	The co-operative reserves the right to vary the method of payment and will give you a suitable period of notice before doing so.	
10	Expenses and allowances	
10.1	You will be reimbursed for expenses you incur on the co-operative's behalf, provided that the expenditure has been authorised by [the co-operative's governing body] [insert name of other authority] using agreed procedures.	It is sensible for the co-operative to have a clear written policy on what can be claimed, level of reimbursement, time limits for claiming etc.
10.2	The rate of meal allowances and overnight accommodation payable to you if are obliged to work away from your place of employment is fixed by [the co-operative's governing body] [insert other method of how this is fixed].	The co-operative and the employee may have an obligation to report expenses and allowance payments to HMRC as extra income tax may, in some instances be payable by the employee. For more information see: www.gov.uk/employer-reporting-expenses-benefits/overview
11	Holidays and holiday pay	
11.1	The holiday year runs from [insert date] to	

	[insert date].
11.2	<p>From the commencement of your employment, your paid holiday entitlement will be at the rate of [] days per calendar year [including bank holidays], [bank holidays are normal working days and you may be required to work if no days off in lieu have been accrued] [all relevant benefits are pro-rated to your basic working hours]. Your holiday accrues on a daily basis.</p>
	<p>Employees are entitled to 5.6 weeks' holiday per year (the co-operative may choose to include bank holidays in this entitlement). Include the section in red if the employee works part time.</p>
11.3	<p>Holiday may be taken only at times convenient to the co-operative as previously arranged by notice. Further details of the notice arrangements can be found in [co-operative's holiday policy/staff handbook].</p>
11.4	<p>[Holiday not taken by [insert date] may not be carried forward to the following holiday year without the co-operative's written permission. Payment will not be made for holiday not taken]. / A maximum of [insert no. of days] may be carried forward with the co-operative's written permission. Where holiday has been carried forward into one holiday year holiday [may not be carried forward into the subsequent year/must be used within [insert no. of months] months of that year. Payment will not be made for holiday not taken within this period.]</p>
11.5	<p>If you leave the co-operative with some holiday entitlement not taken in the current holiday year, you will be paid on your last day of employment a sum representing pay for the number of holidays accrued but not taken. Any holiday taken in excess of your pro rata entitlement will be deducted from your final salary payment.</p>
11.6	<p>[You must take as part of your holiday entitlement the period between Christmas and the New Year.]</p>
12	Pensions
12.1	<p>The designated pension scheme is [].</p>
	<p>Every employer must automatically enrol eligible employees into a workplace pension scheme. For more information see: www.gov.uk/workplace-pensions</p>

12.2 [We will make a contribution of up to []% of your salary. You may contribute up to []% of your salary.] You may be auto-enrolled into the co-operative's chosen pension scheme at any time. The co-operative reserves the right to withdraw, amend or replace pension provision at any time.	
13 Absence due to sickness or injury	
13.1 If you are unable to attend work due to sickness or injury, you must advise your manager of the reason for non-attendance by 9.30 am on the first working day of absence.	
13.2 For periods of absence up to seven days, you must complete and sign a form of self-certification (to be supplied by the co-operative) on your return to work.	
13.3 Sickness or injury absence exceeding seven days must be covered by a [doctor's certificate/fit note]. Further [doctor's certificates/fit notes] must be received by the co-operative, covering the complete period of absence.	
13.4 Failure to comply with this absence procedure may result in the withdrawal of sick pay and/or disciplinary action.	
14 Sick Pay	
14.1 [If you are absent from work for four or more days by reason of sickness or injury, you are entitled to statutory sick pay (SSP)] OR	
14.2 [During sickness absence you will, except while on your probationary period, receive sick pay from the organisation at your normal rate of pay for a total of [insert no. of weeks][followed by a further [insert no. of weeks] at half the normal pay in any period of 52 weeks.] Payment thereafter will be at the co-operative's discretion. There will be deducted from sick pay an amount equal to statutory sick pay (SSP). Such pay entitlement does not guarantee the continuation of your employment during this period.]	<p>The co-operative should pay statutory sick pay to an eligible employee (80% of which is recoverable) for the first 28 weeks of sickness. The first three days of sickness are eligible for payment of statutory sick pay.</p> <p>This provision includes an option for extra sick pay to be paid to employees in addition to the statutory entitlement.</p>
14.3 Sick pay is subject to the usual deductions for PAYE, national insurance, pension	

	contributions, etc.	
15	Maternity, Paternity, Adoption & Parental Leave Provisions	
15.1	The co-operative's maternity, paternity, adoption and parental leave provisions are outlined in appendix 1.	A separate policy should be drawn up stating the setting out these provisions. Appendix 1 can be used to inform any policy the co-operative intends to adopt.
16	Disciplinary & Grievance Procedure	
16.1	The co-operative's disciplinary and grievance procedures are outlined in appendices 2 and 3.	A separate policy should be drawn up stating the setting out these provisions. Appendix 2 can be used to inform any policy the co-operative intends to adopt.
17	Confidentiality	
17.1	You must not reveal to any unauthorised person or use for your own advantage any information of a confidential nature relating to the business, finances and affairs of the co-operative.	An employee has a duty not to disclose confidential information about the co-operative's business. This means that an employee should not give assistance to the co-operative's competitor even in their own time.
18	Health & Safety	
18.1	The co-operative recognises its obligations under the Health and Safety Legislation and you are expected to follow that policy. This information is provided by means of a [statement] [notice displayed in the co-operative's place(s) of business.	The ultimate responsibility for health and safety rests with the co-operative and it should carry out a health and safety risk assessment in order to implement appropriate measures. For more information see: www.hse.gov.uk/workers/employers.htm
19	Trade Union	
19.1	The co-operative formally recognises [insert name of trade union] as the trade union representing the interests of its employees. You are encouraged to become a member of the trade union, although you have a legal right not to join.	Formal recognition of a trade union gives the trade union certain rights (eg) to be consulted in the event of redundancies. Employees have the right to choose whether they wish to be a member of the co-operative's recognised trade union.
19.2	If you are an official of the co-operative's recognised trade union, you have a legal right to paid time off for certain trade union duties. If you are a member of the co-operative's recognised trade union, you have a right to reasonable unpaid time off for trade union activities.	
20	Collective Agreements	

20.1	There are [no] collective agreements governing your terms and conditions of employment.	
20.2	[The collective agreements are [insert details of collective agreements].]	
21	Other Employment	
21.1	If you wish to undertake other paid work whilst an employee of the co-operative you must seek approval first from the [governing body] [the person/department with delegated authority].	
22	Notice periods	
22.1	Employees wishing to leave employment must give [insert no. of weeks] weeks' notice in writing to the [co-operative's governing body], [your line manager], [the person with delegated authority].	<p>The minimum legal notice the co-operative can give to an employee is:</p> <ul style="list-style-type: none"> - one week's notice, if the employee has been employed by the co-operative continuously for one month or more, but for less than two years; and - two weeks' notice if the employee has been employed by the co-operative continuously for two years, and one additional week's notice for each further complete year of continuous employment, up to a maximum of 12 weeks. For example if an employee has worked for 5 years then they are entitled to 5 weeks' notice.
22.2	Once the probationary period is completed, save in cases of gross misconduct, this contract may be terminated at any time by the following periods of notice.	
15.2.1	One week for employees with continuous service from one week to two years.	
15.2.2	Thereafter, employees are entitled to receive one additional week's notice for each year of continuous employment (up to a maximum of 12 weeks' notice).	
22.3	[The co-operative reserves the option to pay you a payment equal to the remuneration due for the relevant period of notice rather than requiring you to work your notice period but is	

not obliged to do so].	
22.4 The co-operative reserves the right to require you not to attend the workplace during your notice period. The contract of employment will remain in force during this period and you are not permitted to take up employment elsewhere during this period.]	

Please sign and return the attached copy statement to indicate your acceptance of its terms. If you have any questions about the meaning of any clause, please do not hesitate to contact [insert name of the co-operative's contact.]

Employee's signature:

Authorised signatory on behalf of the co-operative
