Total Back Office Solutions Ltd
Employemt Policies for your business

Table of contents

Subjects covered in this guide

You can find this guide by navigating to:

Home > Employing people > Setting the rules > Set up employment policies for your business

Introduction

You do not have to have a staff policy on every single aspect of your business. Indeed some types of policy may be irrelevant or unhelpful.

However, you are legally required to have written policies on certain things such as disciplinary and grievance procedures and health and safety (if you have five or more employees).

In those areas where having a policy is not a legal requirement, it's still good practice to have one so that workers understand what you expect of them and what they can expect to get in return. Policies also help to create a culture where issues are dealt with fairly and consistently.

This guide identifies key policies that have to meet certain legal requirements and those that have no legal grounding but should be considered for best practice. It also considers which policies should be put in place for different business needs and gives practical guidance on how to write staff policies.

What types of policies should I set up?

The policies that you have will depend on the size and nature of your business. For example, if your staff operate machinery, it may be a good idea to implement a specific policy on drugs and alcohol use. If most of your staff use computers most of the time, you should have an email and internet policy.

There are many benefits to having suitable employment policies in place. Setting standards is the key to healthy workplace relations. It can reduce the need for disciplinary and legal action. It may also increase productivity and morale, as well as help employee retention.

Clear policymaking can also be positive for your business' reputation externally, eg among clients and the local community. It can also help in attracting new staff.

This table lists common types of employment policies and whether they have to contain minimum legal requirements.

Type of policy	Contains minimum legal requirements?	
	Yes	No
Maternity/paternity/adoption	x	
Working time and time off	x	
Equality and diversity	x	

Health and safety	x	
Pay	x	
Bullying and harassment	x	
Rewards, benefits and expenses		x
Discipline/dismissal and grievance	x	
Redundancy	x	
Measures to improve performance or manage change		x
Use of company facilities, eg email, internet and phone use		x
Training and development		x
Right of search		x
Working for another employer		x
Patents and copyrights		x
Confidential information		x
Whistleblowing/protected disclosures	x	
Smoking, drugs and alcohol	x	

Please note that it is a legal requirement to set out your health and safety policy in writing if you have five or more employees. It is also a legal requirement to set out your disciplinary rules and discipline and grievance procedures in writing.

Where to set out your policies

A policy can be part of your employee/company handbook or you could set it out in a separate document. However, for your discipline and grievance policies, you must either set them out in the written statement or refer in the written statement to a place where the employee can read them, eg the company intranet.

You should make staff aware that your policies exist, particularly during the induction process, and make sure workers can easily access them if necessary, eg by having them pinned up on

a noticeboard or put on the company intranet.

The contractual status of policies

Policies generally aren't contractually binding unless they expressly state otherwise.

However, terms of some policies could be seen as contractually binding via custom and practice, ie where workers follow certain working practices or receive certain benefits over a significant period of time.

Policies on working time and time off

A policy on working time and time off should cover a number of areas.

Leave and absence

Occasionally your workers will want or need time off.

In certain circumstances, you are legally obliged to give your workers time off, eg to take annual leave, attend health and safety training and carry out trade union duties. See our guide on **allowing time off work**.

In other circumstances you can use your discretion, eg requests involving moving house or looking after a sick relative. However, having policies in place which pre-empt these types of requests will ensure that you deal with such matters consistency.

Working hours

Workers aged 18 or above may only work an average of 48 hours per week (other limits apply for younger workers). However, they have the right to sign an opt-out agreement, which allows them to work more than this.

It's a good idea to manage these working hours and keep appropriate records. See our guide on **hours, rest breaks and the working week**.

Overtime

You are not obliged to offer overtime to your workers or require them to work it. However, any overtime policy should still set out the rules on overtime. This is particularly important if your workers have come to expect regular overtime - they could claim it had become a contractual entitlement via custom and practice.

Rates of overtime pay should be agreed with employees, as no minimum statutory levels

apply. See our guide on how to **manage overtime**.

Work-life balance

Encouraging work-life balance is important for your business. To achieve this, you should have policies on:

- parental leave
- flexible working
- maternity, adoption and paternity leave and pay

See our guide on how to **meet the need for work-life balance**.

Equality and diversity policies

Workers are protected from discrimination on a wide range of grounds, eg gender, sexual orientation and age. See our guide on how to **prevent discrimination and value diversity**.

Many successful businesses go much further and actively **promote diversity** in both their strategic and human resources policies. If you value everyone as individuals, research shows that diversity can help stimulate creative interaction, motivate employees and improve business performance.

Download a report on how diversity can improve business performance from the Chartered Institute of Personnel and Development (CIPD) website (PDF) - Opens in a new window.

If you do not yet have an equality and diversity policy in place, you could find it a useful management and recruitment tool. It should:

- explain your business' stance on diversity
- show how you intend to achieve a diverse working environment
- describe how managers and staff can participate in the business' commitment to diversity both within and outside the organisation

It's therefore important that workers contribute to the policy-making process. You can do this by asking them for their views on, for example:

- promoting good relationships in the workplace between individuals, managers, teams and employers
- treating all workers fairly
- valuing and respecting differences

- understanding workers' needs to balance work and family commitments
- how to communicate with individuals through formal and informal communication channels

Find out how to set up an equality policy and an action plan to back it up on the Acas website - Opens in a new window.

Health and safety policies

If you have five or more employees, you must by law have a written health and safety policy. The policy should set out:

- your general approach and objectives in relation to health and safety
- the arrangements you have in place for managing health and safety in your business

However, good health and safety practice means that you should not only have such a policy but also manage it in a way that benefits your business, workers, clients and local community.

Read about health and safety policies on the Health & Safety Executive (HSE) website - Opens in a new window.

Policies to promote staff well-being

To promote the health and well-being of your staff, you also might want to consider policies on specific health-related issues, such as:

- stress at work - see our guide on **how to deal with stress**
- smoking, drugs and alcohol - see our guide on **smoking policies, drugs and alcohol abuse**.

To back up your policies, you may decide to introduce a range of facilities promoting good health, eg a gym, advice on how to give up smoking, alcohol or drugs counselling, and routine health check-ups. The benefits for your business can include the improved overall health of your workers, and improved morale and productivity. See our guide on **your responsibilities for health and safety**.

Consultation on health and safety matters

You're required by law to consult with your workers regarding safety issues in the workplace and to make them aware of what's in your policy. See our guide on how to **communicate your health and safety procedures**.

However, you may decide to encourage them to get involved more fully in the process. This

could involve devising safety rules, as well as giving useful feedback on how effectively policies are working.

Policies on discipline, grievance, bullying and harassment

You are required by law to set out your disciplinary rules, and disciplinary and grievance procedures, in writing.

It's also common for employers to have a separate bullying and harassment policy.

Discipline and grievance policies

You must, by law, tell each employee about:

- your disciplinary rules
- your disciplinary/dismissal and grievance procedure
- the name of the person to whom they should appeal if they are unhappy about a disciplinary or dismissal decision, or to seek redress for a grievance

This information can be included in the employee's written statement or the written statement may refer the employee to a document where they can read it, eg in a staff handbook.

Use our interactive tool to create a written statement of employment.

If you fail to issue this information in writing, and one of your employees makes an employment tribunal case against you and wins, you may have to pay up to four weeks' wages on top of any other compensation the tribunal may award.

It's important that your disciplinary rules give examples of the types of behaviour that qualify as gross misconduct, eg fighting, bullying and stealing. If you find that an employee has committed an act of gross misconduct, you could be entitled to dismiss them immediately without notice or pay in lieu of notice.

See our guides on **handling disciplinaries**, **handling grievances** and **dismissal**.

Bullying and harassment

Bullying and harassment are conduct issues and therefore would normally fall under your disciplinary policy. However, many employers have a separate bullying and harassment policy given that such behaviour:

- needs dealing with sensitively

- can amount to gross misconduct
- may involve unlawful discrimination

Bullying is not in itself unlawful. However, you have a legal duty to protect the health and safety of your workers. Bullying can also lead to a breakdown in trust and confidence between you and the supposed victim, leading to the employee resigning and claiming constructive dismissal.

Sexual harassment and **harassment** on the grounds of sex, disability, race, sexual orientation, religion/belief and age are unlawful. Even if a worker harasses a colleague, the victim can make a discrimination claim against you.

Therefore you should have a clear policy on bullying and harassment so staff understand that it's unacceptable. The policy should also include a procedure for dealing with claims of harassment or bullying should they arise.

See our guide on **bullying and harassment**.

Policies to help you protect your assets

It makes good business sense to have policies on issues such as intellectual property, confidentiality, use of company facilities, dress and appearance, whistleblowing and the right to search.

These help you protect both your tangible and intangible assets, which, once lost, may be difficult to regain.

Policies on intellectual property protection and confidentiality

If you design products or create other original output - such as music or printed matter - it is important to protect your intellectual property.

Therefore you need a policy that states that:

- any original product or material developed in the course of an employee's work remains the property of the business
- employees have a duty to keep company information confidential

Policies on dress and appearance

You are entitled to set out a code covering how you expect employees to dress and generally present themselves. This is particularly where there are health and safety issues involved, eg in factories, building sites or kitchens. However, you must ensure that these codes are

non-discriminatory, particularly in relation to gender and religion/belief.

Download guidance on religion and belief from the Acas website (PDF) - Opens in a new window.

Use of company facilities

It's a good idea to set up clear policies about the use of company facilities. In particular, you should have a policy on use of the internet, email and the telephone.

Most email and internet policies aim to strike a balance between business and personal use. Setting out boundaries will help to minimise the risk of:

- you having to take disciplinary action against staff
- a third party taking legal action against you
- harm to your IT system
- leakage of confidential information

See our guide on how to **introduce an internet and email policy**.

Read about internet and email policies on the Acas website - Opens in a new window.

Whistleblowing policies

It is a good idea to have a policy on making protected disclosures - or 'whistleblowing'. This is because it will encourage workers to raise concerns about illegal activities and bad business practice internally - and prevent your business receiving negative publicity.

Note that you do not need to treat the making of a protected disclosure as a grievance unless:

- the disclosure relates to a matter that the employee could raise as a grievance with you
- the employee intends for the disclosure to constitute the raising of a grievance

See the page in this guide on **policies on discipline, grievance, bullying and harassment**.

Right-to-search policies

You may only search an employee if this is allowed under their terms and conditions of employment. Therefore, if you have a right-to-search policy, you should state that it is contractual.

Training and performance management

Having a **training policy** in place will enable you to plug any skills shortages in your workplace. This is beneficial to employees and will also have a positive impact on business performance.

A training policy can be implemented to allow employees to perform their current role more effectively or support them through a change in role.

You should ensure that your training policy is appropriate. This can be achieved through assessing whether it fits with your business plan and through discussions with employees, eg you may decide to offer training in-house for specific tasks, general company guidance for new starters or refresher training for existing employees.

See our guide on how to **improve the performance of your staff**.

Implementing an **appraisal system** is another way of improving your business performance. It represents a good opportunity to discuss with individual employees their strengths and weaknesses and agree new aims and objectives with them.

Businesses commonly carry out appraisals within a few months of a new employee starting or changing role within the business. For established employees, you may decide to use the appraisal system once or twice per year.

Some of the benefits of having appraisal-related performance targets are that employees understand what is expected of them and how these fit into the wider aims of the business. Targets are also a way of gaining useful feedback and ideas on how your business can be more effective in the future. See our guide on how to **use appraisals to manage performance**.

Pay, rewards and benefits

Pay is a key aspect of your relationship with your employees. Setting the right pay rates for your business will likely take into account your need to attract talented employees and retain those that you have already. Above all, pay **rewards** should be fair, and the process transparent. See our guide on how to **set the right pay rates**.

You may decide to implement a results-related pay system, such as **commission or bonuses**. These are provided by your business in addition to basic pay and can be used to reward employees who perform at a high level:

- commission is calculated based on the performance of an individual or a team
- bonuses may be connected to the performance of the entire business

Depending on the sector in which your business operates, eg in the catering trade, setting up a tips and gratuities system may be more appropriate.

You should be aware that there are certain types of business **expenses** that are tax deductible and others that are not. They may need to be disclosed to the relevant authorities. See our guides on **expenses and benefits: the basics** and **dispensation from expenses and benefits reporting**.

Writing and communicating staff policies

When writing staff policies the main steps are:

- **Preparing** - collecting information, opinions and examining the options. Policies are more likely to be accepted if staff are involved in drawing them up. Involve unions, especially if you have collective agreements that specify they should be consulted, or existing elected employee representatives. Alternatively, set up a joint working group.
- **Developing** - policies should suit the specific needs of the business.
- **Implementing** - inform staff and provide training.
- **Reviewing** - this is to check that the policy is being used and is not damaging the business.

Check that your policies are not unlawfully discriminatory, eg in relation to pay or dress/appearance.

How should policies be communicated to staff?

Policies can be:

- displayed on noticeboards
- added to the company network or intranet
- communicated via presentations
- included in a staff handbook
- included in a collective agreement with a union
- emailed to staff
- sent as a letter to staff

Varying terms and conditions when making changes to policies

If you need to change a policy, check whether or not the change touches on any part of the policy that is contractual.

If so, you will need employees to agree to the changes, unless their contracts allow you to make such variations without it (typically terms in relation to working hours, place of work and

duties).

If you fail to get employees' agreement, they may be entitled to sue for breach of contract, or resign and claim constructive dismissal.

Use our interactive tool to create a written statement of employment.

Introducing new policies

If you are planning to introduce a new policy, you should consider the following:

- What is the **purpose** of the policy?
- Have you **consulted** with managers, workers and their representatives?
- Has someone been given **overall responsibility** for the policy?
- How are you going to **communicate** the policy to all workers?
- Have you given workers enough **notice** about the new policy?
- Have you thought through the potential **cost** of the policy?
- Does the policy change anyone's employment **contract**?
- How are you going to **monitor** and **maintain** the policy?

Helplines

Acas Helpline

08457 47 47 47

Equality Direct Helpline

0845 600 3444

Equality and Human Rights Commission Helpline - England

0845 604 6610

Related guides on businesslink.gov.uk

The employment contract | **Pregnancy at work** | **Maternity leave and pay** | **Adoption leave and pay** | **Paternity leave and pay** | **Parental leave and time off for dependants** | **Manage absence and sickness** | **Know how much holiday to give your staff** | **Create and operate a health and safety policy** | **Pay - an overview of obligations** | **Bullying and harassment** | **Handling disciplinaries** | **Handling grievances** | **Smoking policies, drugs and alcohol**

abuse | Sample internet policies and notices | Sending staff on international business trips | Use our interactive tool to calculate your employee's annual leave entitlement | Allowing time off work | Hours, rest breaks and the working week | Manage overtime | Meet the need for work-life balance | Flexible working - the law and best practice | Prevent discrimination and value diversity | Recruiting and employing disabled people | Importance of health and safety to your business | Meet minimum workplace standards | Your responsibilities for health and safety | Communicate your health and safety procedures | Use our interactive tool to create a written statement of employment | Protecting intellectual property | Introduce an Internet and email policy | Improve the performance of your staff | Use appraisals to manage performance | Evaluate your training | Fit the training to your needs | Set the right pay rates | Expenses and benefits: the basics | Dispensation from expenses and benefits reporting | Work effectively with trade unions | Working with employee representatives | Inform and consult your employees | When an employee resigns | Change an employee's terms of employment |

Related web sites you might find useful

Download the Acas model workplace guidance from the Acas website (PDF, 465K) - Opens in a new window

Read about putting together a company handbook on the Acas website - Opens in a new window

Absence and labour turnover information on the Acas website - Opens in a new window

Overtime advice in the flexible working and work-life balance guide on the Acas website - Opens in a new window

Equality policy information and an action plan on the Acas website - Opens in a new window

Download a report on improving business performance through diversity from the Chartered Institute of Personnel and Development website (PDF, 268K) - Opens in a new window

Promoting an equal workplace advice on the EHCR - Opens in a new window

Download health and employment guidance from the Acas website (PDF, 276K) - Opens in a new window

Download a smokefree policy example from the Smokefree England website (PDF, 408) - Opens in a new window

Business and economic costs information from the ready-reckoner on the HSE website - Opens in a new window

Health and safety policies on the HSE website - Opens in a new window

Workplace bullying and harassment guidance for managers and employers on the Acas website - Opens in a new window

Download code of practice for disciplinary and grievance procedures from the Acas website (PDF, 347K) - Opens in a new window

Managing conflict at work guidance on the Acas website - Opens in a new window

Company rules information on the Acas website - Opens in a new window

Patents guidance on the Intellectual Property Office - Opens in a new window

Internet and email policy guidance on the Acas website - Opens in a new window

Whistleblowing guidelines on the Public Concern at Work website - Opens in a new window

Employee appraisal guidance on the Acas website - Opens in a new window

Performance management information on the Chartered Institute of Personnel and Development website - Opens in a new window

Appraisal-related pay guidance on the Acas website - Opens in a new window

Varying a contract of employment guidance on the Acas website - Opens in a new window