

Glossary of key employment law terms



Term	Description
Commencement date	The first day of the employee's employment and the day from which the employee's level of service starts to run.
Confidential information	Information (whether or not recorded, and in any form, physical, electronic or otherwise) relating to the business, products, affairs and finances of the company which is confidential to the company and trade secrets including technical data and know-how relating to the business of the company or any of its or their business contacts, including in particular (by way of illustration only and without limitation) customer/client lists, pricing lists/structures, business/strategy plans, software, sales and marketing information, agreements with suppliers or contractors, employee details including as to terms and conditions and remuneration, and any other information which may be confidential and/or commercially sensitive to the company.
Contract of employment	The contract between the employer and the employee which sets out the terms and conditions of the employee's employment with the company.
Contractor/consultant	An individual engaged by the company to provide services, either engaged directly as a self-employed contractor/consultant, or via a personal services company. The individual provides services to the company under a contract for services/services agreement/consultancy agreement. The individual is not an employee or worker of the company and therefore not entitled to the same employment rights and benefits as other employees and workers.
Garden leave	Where the employer can place restrictions on an employee during their notice period, usually by preventing them from attending the workplace or having contact with clients, but the employee typically receives their full salary and normal contractual benefits.
Gross misconduct	Misconduct so serious to justify summary dismissal of an employee. What constitutes gross misconduct may vary according to the circumstances of the employer and the work the employee is carrying out.
Group company	Means a company in the same corporate group as the company, whether this be a holding company, parent company or a subsidiary company.
Intellectual property or IP	Trade marks, service marks, rights in trade names, business names, logos or get-up, patents, rights in inventions, registered and unregistered design rights, copyrights, rights in domain names and URLs, and all other similar rights where such rights are obtained or enhanced by registration.
Notice period	The period of notice required by the employer or the employee to give to the other to terminate the employment in accordance with the contract of employment.

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Offer letter	A letter from a company to a potential employee outlining the key terms of the prospective employee's employment when the company wants to make an offer of employment to the employee. The offer letter is usually sent to the employee for the employee to review and accept the offer of employment, subject to signing a contract of employment.
PILON	"Pay in lieu of notice" meaning a payment made by the company to the employee in lieu of the employee's contractual or statutory notice period to terminate employment with immediate effect, rather than the employee remaining employed for the duration of their notice period.
Protected characteristics	A set of nine characteristics in respect of which an individual should not be discriminated against. These are: (i) sex; (ii) age; (iii) disability; (iv) religious or philosophical belief; (v) civil partnership or marital status; (vi) sexual orientation; (vii) gender reassignment; (viii) pregnancy or maternity; (ix) race.
Restrictive covenants	Normally found in contracts of employment, these are provisions restricting what activities the employee can do post-termination of employment for a limited period of time in order to protect the employer's confidential information, customer connections, its goodwill and the stability of its workforce (for example, restrictions which seek to prevent solicitation of customers, clients, suppliers, other employees, or general competition for a defined period after termination).
Service agreement	A contract of employment for a director or executive. This is the same as a contract of employment, but is typically referred to as a service agreement.
Services agreement	A contract for services between a company and an individual or service company to provide services to the company.
Settlement agreement	An agreement entered into between the employer and the employee for the employee to waive certain claims against an employer (usually entered into on termination of employment where there are potential claims an employee may bring against an employer or the employer is making a severance payment to the employee on termination). There are prescribed formalities for entering into a valid and enforceable settlement agreement that both parties must adhere to.
Summary dismissal	Immediate dismissal of an employee without notice in response to the employee's gross misconduct.
Unfair dismissal	Generally, employees with at least two years' service are protected from being unfairly dismissed. In order to be fairly dismissed, the employer must have a "fair reason" for dismissal based on five prescribed reasons for dismissal set out in the relevant legislation and, in all the circumstances, the employer has acted reasonably in treating that reason as a sufficient reason for dismissal.
Variable remuneration	Remuneration paid to employees which is not fixed and is variable depending on certain factors (usually based on company and individual performance), such as bonuses and long-term incentive arrangements.
Wrongful dismissal	A dismissal of an employee in breach of contract, usually where the employee has been dismissed without giving proper notice to terminate employment or pay in lieu of notice.

Get in touch:

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