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Settlement Agreements ^[1]

Within our Employment Law department we have a number of Settlement Agreement Solicitors who are able to offer Settlement Agreement advice or assistance with Severance Agreements.

What is a Settlement Agreement?

A Settlement agreement is a legal contract between an employer and employee. It is often used when the parties have an issue or problem with each other and the employer wants to manouvre the employee out of the business, but avoid any possible employment tribunal.

The contract will state the terms of departure for the employee and normally includes a clause whereby the employer will pay a sum of money in consideration for the employee forfeiting legal rights. There will also be a clause confirming the maximum legal fees that the employer will contribute towards the employees legal costs. Ultimately the employee is responsible for paying his/her own legal costs but often the Respondent's contribution will be enough to cover them.

The contract must comply with the relevant sections of various Employment Legislation otherwise it will not be enforceable. To ensure the contract is drafted correctly, a solicitor should be enlisted to check the terms and compliance with legislation.

Once the parties agree the terms of the contract, the employee has to seek independent legal advice before he/she can sign it. The advice can be obtained from a solicitor, an independent official certified to provide advice or an advice centre worker certified as being competent to give advice.

The advisor will explain the full meaning of the contract to the employee to ensure he/she understands what the consequences will be after signature and then the advisor must sign the contract to certify that the employee was given legal advice. The employee can then sign and return the contract to the employer for full execution.

For further information on this and any other employment issue please use our [enquiry form](#) ^[2]

[1] <https://www.sydney Mitchell.co.uk/business-services/employment-law/employee-dismissal/settlement-agreements>

[2] <https://www.sydney Mitchell.co.uk/contact>