



SETTLEMENT AGREEMENTS – ADVICE FOR EMPLOYEES

Kuldeep S Clair, a consultant solicitor for Nationwide Employment Lawyers, answers the most common questions and concerns surrounding settlement agreements.

What is a settlement agreement?

A settlement agreement is written agreement between an employer and employee under which the parties agree to end their relationship amicably on agreed terms. The agreement may provide for:

1. A defined payment for, for instance, enhanced redundancy pay.
2. Agreed notice pay, or an agreed payment for defined possible theoretical claims (although this will be inevitably without any admission of liability.)
3. An agreed reference to enable you to gain employment for the future.
4. A confidentiality clause restricting what either party can say about the termination afterwards.
5. A 'restrictive covenant' clause which may restrict what you can do in terms of competing with the business later after you have left.

Nationwide Employment Lawyers Ltd helps employee-clients throughout the country and particularly throughout Greater London and the south-east. We specialise in employees at an executive level in the banking/financial sector in the City of London.

What will it cost me?

Usually absolutely nothing. Commonly, the employer will pay for the legal costs of us advising you in relation to the settlement agreement, even though we are acting entirely in your interests.

This is because it is necessary for an employee to be advised by a qualified independent lawyer for the agreement to be enforceable. We will normally send our invoice directly to the employer.

Why should I have a formal settlement agreement if ending my employment?

If ending your employment, any agreement is not binding unless certain formalities have been complied with. You must have received advice from an independent qualified advisor acting on your behalf, such as a solicitor, who must have professional indemnity insurance covering him or her against the risk of not advising you properly. The advisor must be named in the written agreement and he/she must certify that the statutory conditions have been fulfilled.