

Settlement Agreements Made Simple

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Free advice on your agreement

If your employer has given you a Settlement Agreement (Settlement) you need independent legal advice from a regulated solicitor. We offer a 'fixed fee' service which includes advice and reasonable negotiations. The fee is fixed to the amount which your employer has agreed to pay (normally **£350-500 plus vat**). We send the bill to your employer.

Settlement Agreements are normally pragmatic and cost effective compared with tribunal cases.

'Same day' service

We will deal with your agreement on the day you contact us.

What do we need?

1. The agreement & any connected documents such as your contract of employment
2. Your phone number (preferably your mobile) and private email address
3. Your manager/HR manager's name and contact details

What is a Settlement Agreement?

A Settlement is simply a contract setting out terms for ending an employee's contract. In return for some advantages to the employer (see below) there is normally a tax efficient payment and protections for your reputation, in an agreed reference. Once you and your solicitor have signed you cannot then bring any claims in an Employment Tribunal. The agreement will contain clauses to draw a line under any disputes. Your employer will make the compensation payable conditional on your good behaviour during and after employment.

Advantages of Settlement

If you have a large claim and you feel that it may take a long time to find a new job, then it may not be in your interests to sign a settlement. But in most cases a settlement is preferable to going to an Employment Tribunal. Here are some reasons:

- **Your reputation**- if you are being made redundant, even if you don't agree with the decision, redundancy tends to make it easier to find another job. Employment Tribunal decisions are now available online, so any tribunal decision can be seen by future employers.

The agreement should contain clauses protecting your reputation, such as providing a reference and not discussing issues connected with any termination.

- **Will you get more money?** – if you bring a successful tribunal claim for unfair dismissal, the main awards are:

- **Basic Award**- One week's pay for each year worked under age 41 (capped at **£508**) and one and half week's pay for each year worked over **41 (capped at £762)** to a maximum of **20** years. This is the same as the redundancy payment so if you have been made redundant you would discount this award.
- **Unpaid notice**- the number of weeks in your contract or one week for each year worked. The statutory minimum notice which everyone is entitled to is 1 week's notice for each year worked up to a maximum of **12** weeks
- **Compensatory Award**- this is to compensate you for net lost earnings capped **at one year**. The tribunal will expect you to prove you have been looking for work so if you and once you find a new job the right to compensation ends unless it is a lower rate of pay in which case you can claim the difference. The maximum **Compensatory Award is £83,682, (from 6th April 2018)** or one year's gross pay, (excluding pension contributions, benefits-in-kind or discretionary bonuses).
- **Legal costs**- under a Settlement your employer pays these, if you bring a claim, they come off the amount received. 'No win no fee' lawyers tend to take 33%. tribunal claim can cost in the region of £7-10,000 or more in complex cases.
- **Tax efficiency**- compensation payments can be made tax free up to **£30,000**. Employer pension contributions and disbursements can sometimes be made in a tax efficient way which can help where an award is over £30,000.
- **Stress**- a very significant advantage of a Settlement is 'closure'. Going to a tribunal several months after you have left and facing former colleagues in a public dispute is inevitably upsetting. This can slow you down in looking for new work and get in the way of new opportunities. The time taken can be disproportionate.
- **Litigation risk**- if you bring a claim you may not win it or you may win only part of it. Tribunals have many powers including reducing any award to reflect conduct or the fact that the dismissal would probably have taken place.

Contact us for free advice

We can talk you through the agreement and advise you on your options. This can be done by phone or in person.

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