WADSWORTHS
SOLICITORS



Settlement Agreements: Your Questions Answered

- BY HANNAH GORDON, Head of Employment Team

When employment comes to an end either by redundancy or otherwise, or a workplace dispute needs to be resolved, a Settlement Agreement can provide clarity and certainty for both employees and employers. However, the legal wording can feel daunting, especially when you are being asked to sign away certain rights.

At Wadsworths Solicitors, we provide clear, practical and supportive advice on Settlement Agreements, helping you understand your options, protect your position and move forward with confidence. Here, we answer some of the most common questions people have when presented with a Settlement Agreement.

What is a Settlement Agreement?

A Settlement Agreement is a legally binding agreement between an employer and an employee. It usually sets out the terms on which employment will end, including any compensation payment, notice pay, holiday pay, agreed reference, confidentiality clauses and other important terms.

In return, the employee usually agrees not to bring certain employment claims against the employer.



Do I need a solicitor?

Yes. For a Settlement Agreement to be legally valid, you must receive independent legal advice from a qualified adviser, such as a solicitor.

We will explain what the agreement means, what rights you are giving up, whether the terms are fair and whether there are any points that should be clarified or negotiated before you sign.



Can I negotiate the terms?

Yes. A Settlement Agreement is not just a formality, and you do not have to sign it straight away. Depending on the circumstances, it may be possible to negotiate matters such as the compensation payment, notice pay, holiday pay, bonus or commission, an agreed reference, confidentiality wording, restrictive covenants or your leaving announcement.

We can advise you on whether the offer appears reasonable and, where appropriate, help you negotiate improved terms.

Wadsworths Solicitors, 325 Stratford Road, Shirley, Solihull, B90 3BL
Tel: 0121 745 8550 | www.wadsworthslaw.co.uk

What should I look out for?

Settlement Agreements often contain important clauses dealing with confidentiality, tax, post-employment restrictions, return of company property, references, announcements and warranties.

We will go through the agreement with you in plain English so that you understand exactly what you are agreeing to and what practical impact it may have.



How long does it take?

In many straightforward cases, we can provide advice promptly (usually within a few days) once we have received the full agreement and relevant background information.

Employers should usually give employees a reasonable period of time to consider the offer and obtain independent advice. If your matter is urgent, contact us as soon as possible and we will do our best to assist.



Can employers use Settlement Agreements?

Yes. Settlement Agreements can be a useful way for employers to resolve workplace disputes, manage exits, avoid lengthy employment tribunal proceedings and bring certainty for both parties.

However, the agreement must be drafted carefully and the process should be handled appropriately. We can assist employers with drafting Settlement Agreements, advising on strategy and ensuring that the terms are clear, fair and enforceable.

How much does it cost?

If you are an employee and you are presented with a Settlement Agreement, your employer will usually provide an allowance towards your legal fees. These allowances usually range from £300 to £1,000 plus VAT, depending on the complexity of the case.

We can usually work within the allowance provided by your employer, meaning that no fees are payable by you as the employee.

At Wadsworths Solicitors, we pride ourselves on offering clear, upfront fixed pricing, with no hidden surprises.



Meet Hannah Gordon, Head of Employment at Wadsworths Solicitors.

Hannah has extensive experience advising both employees and employers on a wide range of employment matters, including Settlement Agreements, redundancy and workplace disputes. Known for her friendly, approachable manner and clear, practical advice, Hannah understands that employment issues can be stressful and is committed to making the process as straightforward as possible. Having trained and qualified with Wadsworths, she combines strong negotiation skills with a genuinely caring approach, ensuring her clients feel supported and informed every step of the way.

Wadsworths Solicitors, 325 Stratford Road, Shirley, Solihull, B90 3BL
Tel: 0121 745 8550 | www.wadsworthslaw.co.uk