



## Settlement Agreements - The Process

Before we begin the process of settlement agreements, we will provide some context on when they are typically used.

Settlement agreements are legally binding documents commonly used when an employment relationship is coming to a mutually agreed conclusion. They are often appropriate in situations where both the employer and employee recognise that the working relationship is no longer viable and agree that a formal exit is in the best interests of both parties.

These agreements can also be used to reach an agreement in the event of a workplace dispute or an issue without bringing the employment relationship to an end.

### The Stages

#### 1) Initiation

The employer will initiate a confidential 'protected conversation' with the employee and discuss the possibility of an amicable exit without resorting to formal proceedings. Having a protected conversation will allow both sides to have an open dialogue about parting ways, with the assurance that these discussions cannot be used in an employment tribunal.

***\*A protected conversation refers to a confidential discussion between the employer and employee in which they can speak about ending the employment relationship with a settlement agreement.***

#### 2) Offers and Terms

Following the initial conversation, the employer will then draft a written settlement agreement that will outline the proposed terms. This will consist of key elements such as an agreed termination date, any financial payments, and confidentiality clauses. The settlement offer acts as a legal waiver, preventing the employee from making any future claims relating to their employment.

#### 3) Independent Legal Advice

For the settlement agreement to be legally binding, the employee must receive independent legal advice. This is to ensure that the employee understands the rights they are giving up and the terms they are accepting. The employer will offer to pay a fixed contribution towards the cost of this legal advice.

#### 4) Negotiation

Once the employee has received the legal advice, they may wish to negotiate a higher sum or amend certain clauses in the settlement agreement. Negotiation is a standard part of the process, and it is not uncommon for the settlement agreement to undergo revisions before both parties reach a satisfactory outcome.

## 5) Signing

Once both parties agree on the terms and the employee has received the appropriate legal advice, the final version of the settlement agreement will be signed. The independent legal adviser will also confirm, via an adviser's certificate, that advice was provided to the client.

At this stage, the agreement becomes legally binding. The employer will be obligated to fulfil any agreed-upon payments within the stipulated timeframes, and the employee will waive any future claims related to their employment or termination, as specified in the agreement.

## How much does it cost?

Our charges for advising on the terms of a Settlement Agreement are fixed and the specific amount will depend on the complexity of the settlement agreement with fees ranging from £350 to £750 plus VAT. If you require substantial amendments to the Settlement Agreement or you require us to conduct substantial re-negotiations on the financial value of the settlement sum, there will be an additional cost for dealing with this and our time will be charged on a time-expended basis at the hourly rate of the person dealing with the matter.

Your employer will typically make a contribution towards your legal fees subject to its signature, and this may be sufficient to cover our full fee. If it is not sufficient, then you can ask your employer to increase their contribution. If they will not agree to increase their contribution, then you will be responsible for paying any balance.

**If you need assistance with your settlement agreement, please contact the Machins' Employment Team on 01582 514000.**

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## About Machins

Machins Solicitors LLP has offices in Berkhamsted and Luton. As one of the leading law firms in Hertfordshire and Bedfordshire, we are committed to delivering **Legal Excellence with Human Understanding.**

We recognise the importance of building strong relationships with our clients - relationships that allow us to understand individual needs and provide effective, practical advice in a pragmatic and cost-effective way. Our team offers specialist legal support for both businesses and individuals, combining deep legal expertise with a genuine understanding of the people we serve.

## Our Employment Team

Working from offices in Berkhamsted and Luton our Employment Team provides expert legal support tailored to both businesses and individuals. The team combines practical guidance with a personal approach to resolve workplace issues efficiently and professionally. Details of our team and all our services can be found on our website.

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