

What is a Compromise Agreement?

An agreement entered into between an employer and an employee whereby the employee agrees to waive all his or her rights to bring claims against the employer arising out of his/her employment or the termination of it, in exchange for the employer offering compensation (which may be monetary or non monetary).

The agreement must contain certain statutory wording and the employee must receive independent advice from an adviser qualified to advise on the subject matter of the compromise agreement (such as a solicitor specialising in employment law) and the advisor must normally certify that he or she has advised the employee on the content of the agreement and that the adviser is insured by way of professional indemnity cover in respect of the provision of that advice.

Some Benefits the Employer can achieve:-

- Clean break with employee – minimising possibility of future claims
- Indemnity in respect of tax on sums paid to the employee under the agreement
- Warranties from the employee not to breach confidentiality or restrictive covenants
- Warranty from the employee not to make derogatory statements
- Agree Press release and internal and external announcements concerning employee's departure
- Employee agreement to assist with litigation after he/she has left
- Return of company property

Some Benefits the Employee can achieve:-

- Financial compensation over and above statutory minimum compensation
- Employer contribution towards legal costs of advice on compromise agreement
- Employer agreement not to make derogatory statements
- Employer agreement regarding confidentiality
- Agreed form of reference and agreement not to provide telephone references
- Retention of mobile telephone number and other items such as laptop
- Return of personal property

SGH has the expertise to advise employers and employees and to negotiate terms tailor made to the client's objectives.