



What is a **Compromise Agreement** and when should employers use them?

A compromise agreement is a legally binding contract entered into between an employee and an employer usually when an employee leaves the employer's employment. The document will record the terms on which the employment is terminated and resolve any claims the employee has against the business.

Benefits for employers

There are potential risks in raising the idea of a compromise agreement with an employee and we would recommend you take legal advice before doing so. The benefits of using a compromise agreement include:

- An alternative to performance improvement where there is a high possibility that these may fail;
- A reduction in the disruption to other employees;
- An agreed level of liability;
- Certainty of result;
- Avoidance of costly and time consuming Tribunal proceedings; and
- Reduction in management distraction from core business aims.

It is important that each individual agreement is tailored to the employer's needs. A variety of clauses can be used to ensure your needs are met, such as confidentiality clauses and non-compete clauses to protect your business.

How we can help

We recommend you seek legal advice before pursuing this option to ensure the best possible outcome for the business. We have extensive experience in drafting and negotiating compromise agreements for a broad range of clients.

We are commercial in our approach and will offer advice that fits in with your specific business objectives.

For further advice please contact:

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