Optional template letter to initiate settlement discussions under s.111A of the Employment Rights Act 1996

(where there has been no previous performance management or disciplinary action)

Dear …………….

**Your employment: Confidential settlement proposal**

We are writing to you because [as we discussed on *insert date of previous discussion if applicable*] we have had some concerns about your conduct/attendance/performance [*delete as appropriate* *– and* *specify sufficient detail about the concerns to allow the employee to make an informed decision about his/her options*].

We consider that, in these circumstances, one option is to offer you a settlement agreement to bring our employment relationship to an end, and we invite you to consider the proposal set out below.

If we are unable to reach such an agreement, then you should be aware that [*delete as appropriate*]

[we will next investigate these concerns further in accordance with our disciplinary procedure and then decide whether it may be appropriate to convene a disciplinary meeting [*insert brief details of where the employee can reasonably access the written disciplinary procedure*].]

[we will address our concerns about your performance [in accordance with our performance management procedure] and you will be encouraged and supported to improve your performance before we decide whether it may be appropriate to convene a disciplinary meeting [*insert brief details of where the employee can reasonably access the written disciplinary procedure and, if appropriate, performance management procedure*].]

You should note that there is no obligation for you to enter into discussions with us in relation to this proposal. Whether you choose to do so or not, please also note that any response to this letter, and any correspondence or discussions which may follow, will have no bearing on any later disciplinary [or performance management] procedure or subsequent decision taken by us, in the event that we are unable to reach an agreement.

The terms we would like to offer you are as follows [*delete terms, or add further terms, as appropriate*]:

[Your employment would end on [*insert date which must take into account the employee’s statutory or contractual notice period or include details of payment in lieu of notice if that is permitted by the employment contract*].]

[You would receive:

[- payment of [£x] [OR in lieu of] (*delete as appropriate*) wages/salary, bonus/commission, and outstanding holiday entitlements, subject to tax and NI].]

[- a [lump sum] payment of [*£x*] [*up to £30,000*]] free of tax and NI] [*providing further details of how this proposed sum has been arrived at may help the employee make an informed consideration of the proposal*]

[You would agree not to bring a claim [*or* claims] of [*refer to claim(s) that it is proposed to settle eg unfair dismissal*] to an employment tribunal.

[You would receive an agreed reference covering your period of employment with us.]

[*Add if appropriate*: If you wish us to arrange a meeting with you to discuss this proposal and the terms of the offer then we will do so [*insert details of contact person and method of contact*].] [*Add if appropriate:* You may be accompanied by a work colleague, trade union official or trade union representative at any such meeting.]

This offer is made subject to final agreement of full terms, and it is open for you to consider until [*insert time*] on *[insert date, which must be reasonable taking account of the particular circumstances*].

If you do wish to accept this offer we will draw up a formal agreement in writing. The law provides that you would need to obtain independent advice on the terms and effect of the proposed agreement before signing it.

It is our intention that this letter will be covered by section 111A of the Employment Rights Act 1996. This means that the offer we are making and any subsequent discussion about it may not be admissible as evidence in any subsequent unfair dismissal claim. Further information on the provisions of section 111A and details on who may act as your independent adviser can be found in the Acas Code of Practice on Settlement Agreements, and associated guidance, which can be accessed at [www.acas.org.uk](http://www.acas.org.uk)

Yours sincerely,

Signed …………………