

Statement of Council Policy on the Use of Settlement Agreements

The Council, as part of its corporate values, is committed to openness, transparency and efficient use of resources. Whilst recognising the useful purpose that settlement agreements play, it wishes to ensure that they are used properly and only where necessary. It has therefore adopted the following policy to guide its decisions on the use of settlement agreements

1. Settlement agreements will be used only where authorised by a Compensation Panel and within the parameters set by that Panel;
2. Settlement agreements will be authorised by the Panel only where it is satisfied that:
 - § the level of legal risk indicates settlement though a settlement agreement to be necessary to limit liability and reduce costs; AND/OR
 - § there is a clear business case from a financial and organisational perspective that demonstrates the benefit and why alternative solutions are not viable; and
 - § In either case, the use of settlement agreements is necessary and proportionate in the circumstances.
3. The agreement of the Panel has to be sought prior to detailed terms being explored or negotiated with the employee concerned or their union representative;
4. The Compensation Panel will consist of the Director of Finance & Resources, the Head of Law and Head of HR and, where they are unable to attend, persons of sufficient Seniority nominated by them and the Head of Service or relevant manager will attend the meeting to present the management case;
5. The Chief Executive shall be informed of all settlement agreements that are concluded;
6. The use of mutual termination agreements is encouraged where settlement agreements are not considered appropriate but there is a need to record the terms of an agreed termination.
7. Where settlement agreements relate to members of CMT (other than ELT members) or the proposed payment is in excess of £50K, the Chief

Executive shall be consulted prior to the Compensation Panel making a decision. No settlement agreements relating to ELT members shall be entered into without the agreement of the Chief Executive.

8. The Council's Auditors will be consulted prior to settlement agreements being entered into if, in the opinion of the Chief Finance Officer, the settlement is significant enough having regard to the amount involved, the seniority of the officer and all relevant circumstances, including whether any severance pay is required to be reported under the Accounts and Audit Regulations 2011.

9. An equalities impact assessment of Settlement agreements will be undertaken regularly and reported to ELT, DMTs and Workforce Equalities Groups.

11. That the Council encourages schools to reflect, where appropriate, the Council's approach to settlement agreements as set out above.

12. The above policy shall come into effect on 1st October 2013 and reviewed after 6months of.

Agreed by the Council's Executive Leadership Team on 10th July 2013