

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Personnel Committee

16th May 2016

Report of the Head of Human Resources - Sheenagh Rees

Decision

Wards Affected: All Wards

Settlement Agreements

1. Purpose of the Report

The purpose of this report is to ask Member's to provide Corporate Directors with the authority to make the necessary decisions in relation to the use of Settlement Agreements when dealing with workplace problems.

2. Executive Summary

Settlement agreements are legally binding contracts which can be used to end an employment relationship on agreed terms. They can also be used to resolve an ongoing workplace dispute. These agreements can be proposed by either an employer or an employee, although it will normally be the employer.

3. Background

Fairness, transparency and good workplace relations are promoted by using rules and procedures for handling performance management and disciplinary and grievance situations and as such settlement agreements should not be used as a substitute for good practice.

However, there are occasions where settlement agreements are a tool that can be used to deal with workplace problems and can be used to

help end an employment relationship in a mutually acceptable way. They usually include some form of payment to the employee by the employer and may also include an agreed reference. In return for this the employee waives his or her individual right to bring a claim covered by the agreement i.e. the right to make a claim to an employment tribunal or court.

It is not anticipated that settlement agreements will be used regularly, and indeed they should be the exception rather than the rule. However there are occasions where they can help a team move forward and provide the service with certainty through arranging for the mutual termination of an employee without any ongoing risk of litigation.

Members are asked to delegate authority to each Corporate Director, in consultation with the Director of Finance and the Head of Human Resources to make the necessary decisions in relation to offering a settlement agreement to an employee to end the employment relationship.

In making such decisions, each Corporate Director will take into account the need to fully comply with the Council's Guidance Note on Settlement Agreements (attached as Appendix 1). This includes demonstrating that the Settlement Agreement is in the best interests of the Council, and that it represents good value in terms of any financial settlement.

4. Financial Impact

The Corporate Director will have to complete a robust Business Case (see Appendix 1) before using a settlement agreement to explain the reasons why it is being used, to ensure that it constitutes good value for money for the Council, that the sum paid will withstand external scrutiny and that all matters relating to the settlement agreement are legally compliant. The Director of Finance and Corporate Services must comment on each Business Case before it is signed off.

Equality Impact Assessment

An Equality Impact Assessment Screening Form has been completed for this report and there is not a requirement to complete a full Equality Impact Assessment.

Workforce Impacts

Settlement Agreements are entirely voluntary and the terms and conditions are mutually agreed and parties do not enter into them if they do not wish to do so. As a result of this, there are no workforce impacts associated with this report.

Legal Impacts

The Settlement Agreement Guidance Note has been developed in line with the ACAS Code of Practice 4 - Settlement Agreements (July 2013).

Risk Management

There are no risk management issues associated with this report as using a settlement agreement will protect the Council from any future litigation arising from the employee leaving the Council's employment.

Consultation

There is no requirement under the Constitution for external consultation on this item.

Recommendations

It is RECOMMENDED that Members

(i) Authorise each Corporate Director, in consultation with the Director of Finance and Corporate Services and the Head of Human Resources, to make the necessary decisions in relation to using a settlement agreement

(ii) Authorise each Corporate Director to implement these decisions in line with the Settlement Agreement Guidance Note and Business Case

FOR DECISION

Reasons for Proposed Decision

The reason for the proposed decision is to ensure that Corporate Directors have the relevant authority to make decisions on using settlement agreements, in line with the guidance note and business case.

Implementation of Decision

The decision is proposed for immediate implementation

Appendices

Appendix 1 - Settlement Agreements Guidance Note (Including Business Case)

List of Background Papers

Equality Impact Assessment Screening Form

Officer Contact

Sheenagh Rees, Head of Human Resources

Tel: 01639 763012

Email : s.rees5@npt.gov.uk