

**BRISTOL CITY COUNCIL**

**HUMAN RESOURCES COMMITTEE**

**11 September 2014**

**Report of:** Service Director - Human Resources

**Title:** Use of Settlement Agreements

**Ward:** N/A

**Officer Presenting Report:** Helen Sinclair-Ross, HR Change and Performance Manager

**Contact Telephone Number:** 0117 92 24877

**RECOMMENDATION**

The committee are asked to note this report.

**Summary**

**Following the well documented publicity in 2013, on the use of settlement agreements in the public sector, this report highlights the extent of their continued use since 2013, within Bristol City Council.**

**The significant issues in the report are:**

- The Council will continue to monitor the use of settlement agreements.
- Settlement agreements are a necessary tool in managing employment relationships although they are only used in exceptional circumstances where there is a business case that clearly supports the need.
- Since April 2013, the Council has used settlement agreements on 12 occasions.
- The Council continues to receive Freedom of Information requests regarding the use of settlement agreements.

## **1. Policy**

- 1.1 The Human Resources Committee approves any compensation payments to Head of Paid Service, Strategic Directors or Service Directors. Decisions regarding whether these payments should form part of a settlement agreement are decided on a case by case basis.
- 1.2 For all other employees of the Council, the decision about whether a settlement agreement should be used to resolve a particular case is decided by the relevant Service Director and nominated delegates and in line with the HR delegations.
- 1.3 In the case of schools, the decision to enter into a compromise agreement is entirely a matter for each Governing Body.

## **2. Consultation**

### **2.1 Internal**

Not Applicable

### **2.2 External**

Not applicable

## **3. Context**

- 3.1 The Council's use of settlement agreements is in the form of a legally binding written agreement between the Council, as an employer, and an employee in order to settle or mitigate any potential contractual and statutory claims. The terms of the agreement will typically provide for a severance payment by the Council as the employer, in return for the mutual termination of an employee's employment and the employee agrees not to pursue a claim against the Council. An employee has to receive independent legal advice before a settlement can be entered into.
- 3.2 Settlement agreements are a necessary tool in managing employment relationships although they are only used in exceptional circumstances where there is a business case that clearly supports the need.
- 3.3 Since April 2013 to July 2014, which is the reporting period since the last report on settlement agreements was brought to HR Committee, 12 settlement agreements were signed totalling £245,762.98. (see Appendix A).
- 3.4 This represents a downward trend in the number of settlement

agreements being used. There have been 12 settlement agreements in the reporting period April 2013 to July 2014 which is fewer than the previous years which averaged 59 per year. (April 2007 – March 2013).

- 3.5 The average cumulative spend per year, on settlement agreements is also declining. The average spend per year during the period April 2007 to March 2013 was £751,082. Whereas the spend during April 2013 to July 2014 was £245,762. It should also be noted that this current reporting period represents 16 months as opposed to 12 months.
- 3.6 The Council continues to receive Freedom of Information requests from media organisations in respect of the use of Settlement Agreements.

#### **4. Proposal**

- 4.1 That Members note this report for information.

#### **5. Other Options Considered**

- 5.1 Not applicable as the report is for information and discussion only.

#### **6. Risk Assessment**

- 6.1 At this stage, the risks associated with this report are low. The information contained within this information is already publically available. However, Bristol City Council must be clear how the figures are calculated in order to avoid adverse publicity. This report seeks to address this issue.

#### **7. Public Sector Equality Duties**

- 7a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
  - promote understanding.

7b) Equalities Impact Assessments will be developed in any workplace where there is a requirement for workforce reductions. All HR policies have impact assessments and are regularly monitored.

## **Legal and Resource Implications**

### **Legal**

No legal implications arising from the report

**Legal Advice Sought from:** Kate Fryer, Employment Solicitor

### **Financial**

#### **(a) Revenue**

None sought

#### **(b) Capital**

N/A

**Personnel** None arising from this report

**Appendices:** A

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**Background Papers:** None

## Appendix A

### SETTLEMENT AGREEMENTS APRIL 2013 TO JULY 2014

<b>Year/Total Paid</b>	<b>Bristol City Council</b>	<b>Locally Managed Schools</b>
April 2013- July 2014	12	34
Total Paid	<b>£245,762.98</b>	<b>£350,879.70</b>