

## **FRAMEWORK FOR OVERSEEING SETTLEMENT NEGOTIATIONS BETWEEN THE BOARD AND DESIGNATED SENIOR POST HOLDER**

*(Approved by the Board July 2004; amended December 2006)*

As required by the Financial Memorandum, a framework needs to be established for determining any settlement between a designated senior postholder and the Board.

The Financial Memorandum confirms that colleges should avoid spending public funds on settlements where disciplinary action would have been more appropriate.

### **FRAMEWORK**

- 1 Appropriate professional (legal) advice must be obtained at all stages of negotiations and when determining any final settlement
- 2 The Board should consider establishing a special committee to oversee negotiations.
- 3 Reference in the first instance to the Remuneration Committee is appropriate, as the Board has discharged to this Committee responsibility for all matters relating to senior postholders.
- 4 The College will need to be able to demonstrate that payments in respect of termination are regular, secure value for money and are affordable. Full costings of any settlement offer must be made available and considered against the financial performance of the College.
- 5 Normally public funds should only be used to meet contractual requirements (i.e., payments in lieu of notice not to exceed contractual period of notice) and items such as pension enhancements within the limits set out in the relevant pension scheme rules. Exceptions should be justified by explicit and quantified reference to value for money.
- 6 Appropriate records of each stage of negotiations should be retained.
- 7 The outcome of negotiations to be reported to the Board for final approval.

- 8 Once agreement has been reached, all parties should sign a Compromise Agreement drawn up by the College's Solicitor.
- 9 Details of the financial costs of settlements to be made available to the College's external auditors for inclusion in year-end accounts.