



Title	Severance Policy
Purpose	This policy sets out the circumstances in which Maryhill Housing will provide severance payments. It sets out when and how settlement agreements will be used and the key settlement agreement principles.
Scope	This policy applies to all staff employed by Maryhill Housing.
Definitions	<p>Severance payments:</p> <p>Severance pay is provided when employment is terminated or 'severed' by an employer. This excludes dismissal where an employee receives no payment other than pay up to the dismissal date.</p> <p>Settlement agreements:</p> <p>Settlement agreements are legally binding contracts which can be used to end the employment relationship on agreed terms. Their main feature is that they waive an individual's right to make a claim to a court or employment tribunal on the matters that are specifically covered in the agreement. Settlement agreements may be proposed prior to undertaking any other formal process. They usually include some form of payment to the employee by the employer and may also include a reference.</p>
Policy Statement	<p>This policy aims to clarify the circumstances in which severance payments will be made.</p> <p>Severance:</p> <p>The Association will make severance payments in the following circumstances:</p> <ul style="list-style-type: none"> - Where an employee accepts voluntarily redundancy - Where an employee is made compulsorily redundant - As part of a settlement agreement <p>The Association will consider alternatives to severance, such as redeployment. The circumstances in which redeployment would be appropriate are set out in the terms and conditions of employment.</p> <p>In making decisions around severance payments the Association will act in accordance with the following legislation:</p> <ul style="list-style-type: none"> - Employment Rights Act 1996 - The Trade Union and Labour Relations (Consolidation) Act 1992 - Equality Act 2010

Voluntary redundancy:

Voluntary redundancy may be considered by the Association to avoid compulsory redundancy. Any additional voluntary redundancy payment will be offered in line with the Entitlement, Payment and Benefits Policy. The level of any voluntary redundancy payment will be set by the Association's Board ahead of any period of restructuring and will remain in place during the restructuring period, e.g. for a period of up to two years. The Association's Chief Executive (or in their absence Directors) will decide which applications for voluntary redundancy are to be accepted based on the needs of the business.

Compulsory Redundancy:

The terms of a severance payment in a compulsory redundancy situation are set out in the employee's contract and terms and conditions of employment.

Settlement agreements:

Settlement agreements will also be used in unique employee relations matters that other HR policies do not directly provide for.

The Association aims to resolve disputes sensibly and thus minimise the use of Settlement Agreements. Settlement agreements will not be used as a substitute for effective performance management and disciplinary and grievance situations.

The Association will resolve employment disputes using Settlement Agreements where it considers it sensible to do so. Settlement Agreements will often be used to bring the employment relationship to an end in a conclusive and binding manner. However, they can also be used to deal with other types of workplace issues the Association may have from time to time, such as, but not limited to: changes to working patterns; disputes over overtime arrangements; introduction of new grading systems and similar.

The Association may consider their use where the employment relationship with one of our employees has irretrievably broken down; or, where it has broken down between employees – and where none of our existing policies offer an obvious method to resolve the problem.

In all cases any Settlement Agreement struck must be entered into voluntarily by the employee(s), and that they must also have received suitable advice from an appropriately qualified and indemnified person. The Association will fund these legal costs up to £250 plus VAT. In exceptional circumstances the CEO can approve a higher amount. Employees will be invited to be accompanied to a discussion about a proposed Settlement Agreement.

The Association will provide a minimum of ten working days for an employee to consider the proposed written terms of a settlement agreement offer.

Payments under settlement agreements will be made in line with the Association's Entitlements, Payments and Benefits Policy.

	<p>The Association will seek value for money in any settlement agreements it concludes.</p> <p>The Association may offer an agreed reference as part of any settlement agreements. If agreement cannot be reached on a reference, then the standard reference would be provided.</p> <p>The Association will seek legal advice when considering and drafting any settlement agreement.</p> <p>Settlement agreements may include provisions confirming that both parties will maintain suitable confidentiality in relation to the terms of the agreement and the requirement not to disclose these.</p> <p>However, these provisions will be restricted to cover those matters that are normally confidential within an industrial relations framework; or those that are otherwise specifically contained within the spirit of the General Data Protection Regulations framework. The Association will not include restrictions on disclosing matters beyond – particularly such issues that are undeniably of wider public interest/whistleblowing.</p> <p>Settlement agreement discussions will be initiated by the Association’s Chief Executive or in their absence Directors.</p> <p>The terms of settlement agreements involving payments up to half of the employees’ annual basic salary will be agreed by the Association’s Chief Executive or in their absence Directors.</p> <p>The terms of settlement agreements involving payments above half of the employees’ annual basic salary will be agreed by the Association’s Board.</p> <p>Settlement Agreements will be reported to the Association’s Board.</p> <p>Settlement Agreements will be notified to the Scottish Housing Regulator in line with Appendix 1 of the Notifiable Event Guidance 2019</p> <p>Equalities Impact</p> <p>We do not see this policy as having any direct impact upon the protected characteristics contained within the Equality Act 2010. We will however be mindful in the way we select those unresolved disputes/business challenge issues to route via the Settlement Agreement method.</p> <p>We will also be mindful of the way in which we present this option to employees and the language we use when discussing any proposition with them. By extension we will avoid holding any assumptions as may be viewed to be discriminatory, and/or taking actions which in themselves could be perceived as victimising the employee(s) concerned.</p> <p>We will also take account of the advice contained within the EVH “Pre-termination Discussions & Settlement Agreements” Information Note (May 2019); along with the information contained within the relevant ACAS Guide (December 2018</p>
Approval	Board, January 2023

Policy Owner	Bryony Willett, Chief Executive
Review	January 2026