

NHS trusts' spending on settlement agreements

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Introduction

Settlement agreements are legally binding agreements between an employer and an employee that set out the terms surrounding the termination of employment. The purpose of settlement agreements is to resolve any disputes between the two parties that could not be resolved as part of internal procedures, and prevent future related claims. Settlement agreements often (but not always) result in the employer paying the employee, whether that be for example through compensation for loss of employment or payment in lieu of notice.

This research paper examines just how much money a range of NHS trusts have spent on settlement agreements in recent years and shows the highest settlements agreed in that time.

Key findings

- Between 2015-16 and 2017-18, at least **915** settlement agreements were made between NHS trusts and former employees totalling **£27,978,661**.
- The highest known settlement agreement paid to an individual was **£148,771**, paid by the Newcastle upon Tyne Hospitals NHS Foundation Trust.
- The UK-wide average size of a settlement was **£20,573**. If excluding NHS Fife¹, the individual trust with the highest average payment of **£79,687** was from the Clatterbridge Cancer Centre NHS Foundation Trust. By contrast, there were **13** NHS Trusts who reported no spend on settlement agreements, as well as **2** with payments averaging below £1,000.
- The Royal Brompton & Harefield NHS Foundation Trust agreed **90** settlements, more than any other trust, totalling almost **£2 million**.
- The country with the highest average number of settlements, with **14** agreed on average per trust, was Northern Ireland.
- In Scotland, the average figure paid out was **£29,497**, the highest country-wide average when compared with England, Northern Ireland and Wales.
- An English NHS Trust meanwhile had the highest individual payment from anywhere in the UK of **£148,771**.

[To see how your local NHS trust fared, click here](#)

¹ As explained fully overleaf in table 1, the NHS Fife response included a range of other figures that mean it may be unfair to single it out.

Table 1: top 10 trusts by total settlements amount

NHS Trust	Expenditure (£)
NHS Fife	9,441,074
In NHS Fife's FOI response, agreement costs were not disaggregated and included the costs of settlement agreements, claimant's legal expenses, NHS Fife's legal expenses and any payments made to Department for Work and Pensions.	
South Staffordshire and Shropshire Healthcare NHS Foundation Trust	2,190,541
Royal Brompton & Harefield NHS Foundation Trust	1,965,886
Lancashire Care NHS Foundation Trust	819,404
Manchester University NHS Foundation Trust	732,824
North West Boroughs Healthcare NHS Foundation Trust	573,809
Western HSC Trust	560,547
Aintree University Hospital NHS Foundation Trust	555,743
Royal Berkshire NHS Foundation Trust	538,897
Northumbria Healthcare NHS Foundation Trust	435,613

Table 2: top 10 trusts by total number of settlements

NHS Trust	Settlements
Royal Brompton & Harefield NHS Foundation Trust	90
NHS Fife	81
South Staffordshire and Shropshire Healthcare NHS Foundation Trust	60
Lancashire Care NHS Foundation Trust	32
Stockport NHS Foundation Trust	31
Manchester University NHS Foundation Trust	29
Royal Berkshire NHS Foundation Trust	29
Greater Manchester Mental Health NHS Foundation Trust	28
Hampshire Hospitals NHS Foundation Trust	22
Aintree University Hospital NHS Foundation Trust	21

Table 3: top 10 trusts by highest average settlement amount

NHS Trust	Expenditure (£)
NHS Fife	116,556
The Clatterbridge Cancer Centre NHS Foundation Trust	79,687
Calderdale and Huddersfield NHS Foundation Trust	67,500
NHS Orkney	65,500
Taunton and Somerset NHS Foundation Trust	61,216
Heart of England NHS Foundation Trust	51,154
North West Boroughs Healthcare NHS Foundation Trust	47,817
Hertfordshire Partnership University NHS Foundation Trust	43,724
Western HSC Trust	43,119
Essex Partnership University NHS Foundation Trust	42,893

Table 4: top 10 trusts by highest individual payment

NHS trust	Expenditure (£)
The Newcastle upon Tyne Hospitals NHS Foundation Trust	148,771
The Clatterbridge Cancer Centre NHS Foundation Trust	117,667
North East London NHS Foundation Trust	101,800
Tavistock and Portman NHS Foundation Trust	95,000
Colchester Hospital University NHS Foundation Trust	88,462
Essex Partnership University NHS Foundation Trust	87,000
Taunton and Somerset NHS Foundation Trust	85,317
Belfast HSC Trust	80,704
Lancashire Care NHS Foundation Trust	80,250
Norfolk and Suffolk NHS Foundation Trust	80,025

Methodology:

This research was undertaken by asking 180 NHS trusts across the UK via freedom of information requests for the following information for 2015-16, 2016-17 and 2017-18:

- *The total number of settlement agreements for each financial year.*
- *The total costs associated for each settlement agreement in each financial year.*
- *This includes, but is not limited to, a payment of salary, payment in lieu of a notice period and payment of compensation for loss of office.*

Of the 180 trusts contacted, 106 provided an adequate response. However, 14 of these did not provide a total number of settlements, 64 did not provide a highest settlement, and 9 did not provide a total settlements amount. In addition there were 5 trusts who responded, but whose responses have been excluded from the data due to poor disaggregation. Of those who did not provide an adequate response, a common reason for exclusion was respondents providing annual accounts only. This lacked specific information required.

In cases where respondents did not explicitly provide a highest settlement figure, but their response included a year wherein there was only a single settlement agreement, that case has been assumed to be the highest settlement of the period.

A Mutually Agreed Resignation Scheme (MARS) scheme is a form of voluntary severance designed to allow organisations to restructure whilst minimising any unnecessary redundancies. These contrast to the focus of this research which is settlement agreements, wherein employer and employee agree a settlement to draw a line under any outstanding future disputes.

In any response where the respondent has highlighted how many of the settlement agreements are the result of a MARS or Voluntary Early Release scheme, these have been excluded. If the respondent stated that some of the settlement agreements resulted from MARS but did not disaggregate these, then the response has also been excluded. As such, in

cases where there are very high numbers of agreements, these could include MARS settlements but this has not been made explicit.

Unlike those responses which included MARS payments, NHS Fife's response noted that it included a range of additional costs (outlined on page 3), which other respondents did not make explicit. As such it has been included, but the difference has been highlighted.

Where responses have not given an exact figure for the number of settlement agreements, a rounded mid-point has been used (i.e. 'no more than 5' would be interpreted as 3).