**APPENDIX 1**

**CARDIFF METROPOLITAN UNIVERSITY**

**SENIOR STAFF SEVERANCE POLICY**

**Established: August 2000**

**Revised: July 2005, October 2007, July 2008, November 2015 and October 2018**

**Impact Assessment Dates: July 2008, February 2013 and October 2018**

**CARDIFF METROPOLITAN UNIVERSITY**

**POLICY GOVERNING SEVERANCE PAYMENTS TO SENIOR STAFF**

**Introduction**

Cardiff Metropolitan University concludes severance payment arrangements with members of staff from time to time. In circumstances where the staff member is being made redundant or is retiring early in the interests of the efficiency of the Institution, the University may (depending on the rules of the relevant pension scheme) have discretionary powers to grant premature retirement benefits. Where the University does not have power to grant such benefits, or it does have but does not choose to exercise such powers, the University may make an ex-gratia payment (which is a payment not designed to extinguish a contractual obligation). An ex-gratia payment may also be made in circumstances other than the redundancy or premature retirement of a staff member.

The University is required, when concluding any severance payment arrangements with senior staff, to observe the principles set out in the Higher Education Funding Council for Wales’ Guidance on Severance Payments to Senior Staff in Higher Education (February 1997) (the “Guidance”). The Guidance requires that any such severance payment arrangements are reasonable and constitute a proper use of public funds.

All higher education institutions in Wales are required, by the Guidance, to have a policy governing all severance packages for senior staff in higher education.

***This policy complies with the Committee of University Chairs’ Higher Education Senior Staff Remuneration Code (2018).***

This policy applies to all senior staff of Cardiff Metropolitan University which means all ***Levels 1 and 2*** senior post-holders (as defined in Article 3(1)(d)(i) of the Articles of Government), ***all Level 3 managers*** and any other member of staff earning in excess of

£100,000 per annum (in line with HEFCW’s Accounts Direction).

**Responsibility**

1. The Board of Governors is ultimately responsible for the making of any severance payment to any senior staff member (although it is directly responsible, under Article 3(1)(d)(i) of the Articles of Government, only for arrangements relating to senior postholders).
2. The Board has duly delegated the responsibility for overseeing severance payment arrangements for senior post-holders ***and Level 3 managers*** to the Remuneration Committee.
3. The Vice-Chancellor is responsible, under Article 3(2)(c)(i) of the Articles of Government for the making of any severance payment to any senior staff member who is not a senior post-holder. The Vice-Chancellor may not delegate this responsibility to any other member of staff ***but has agreed that severance payments to Level 3 managers will be overseen by the Remuneration Committee***.
4. The Remuneration Committee and the Vice-Chancellor (as appropriate) will report any such severance payment arrangements to:
   1. the Resources Committee (for monitoring/noting purposes only)
   2. the Board of Governors

at the next meeting of the Resources Committee or the Board of Governors (as appropriate) following the conclusion of those arrangements.

**Principles**

1. In negotiating severance payment terms, the Remuneration Committee and the Vice- Chancellor (as appropriate) must have regard to the following principles:
   1. any ex gratia payment must be justifiable by “value for money” considerations
   2. “value for money” considerations means:
      1. facilitating a change which, whether in money terms or otherwise and whether realisable in the short term or otherwise, will, in the opinion of the Remuneration Committee or the Vice-Chancellor (as appropriate), realise a significant benefit for the University and/or
      2. extinguishing a risk or potential risk of successful litigation against the University.
   3. ex gratia payments will not be made:
      1. where the individual has or may have committed gross misconduct
      2. where the individual’s performance has been identified, by means of the relevant appraisal system or other formal procedure, as being poor
      3. in order to compensate the individual for any hurt or distress suffered as a result of the termination of their employment, and
      4. in order to reward the individual for services rendered to the University
   4. ***the total value of payments under a severance agreement will not exceed a year’s salary. Any proposal to deviate from this principle must be referred to the Board of Governors for approval.***
2. An individual may be permitted to retire early, within the provisions of all relevant legislation, provided that:
   1. he/she is permitted to do so by the rules, from time to time, of the Teachers’ Pension Scheme (“TPS”) or the Local Government Pension Scheme (“LGPS”) or the University Superannuation Scheme (“USS”) (as appropriate)
   2. any costs to the University attributable to the decision to permit the individual to take early retirement:
      1. can be justified by value for money considerations (as defined above), and
      2. none of the scenarios in paragraph 5.3 above applies.
   3. if the individual’s pensionable service in the TPS, LGPS or USS (as appropriate) is to be voluntarily enhanced by the University:
      1. that enhancement does not exceed the maximum enhancement permissible under the rules, from time to time, of the relevant Scheme;
      2. each such decision to grant an enhancement is judged:
         * on its own merits;
         * by reference to the University’s then current financial position, and
         * not by reference to past custom and practice.
   4. the requirements of paragraph 5 above are observed.
3. ***Detailed proposals on the terms of a severance payment are to be endorsed by the Remuneration Committee, its nominated representative or the Vice- Chancellor, as the case may be, before presentation to the individual concerned.***

**Professional Advice**

1. The Remuneration Committee and the Vice-Chancellor (as appropriate) must, before agreeing any severance payment with a senior staff member, obtain written professional advice in respect of the legal, financial and compliance aspects of the proposed arrangements. Compliance advice is to be obtained from the University’s External Auditors.

**Review**

1. This policy will be reviewed following the conclusion of every severance payment arrangement for a member of senior staff and in any case at intervals of three years. The review will be undertaken by a member of the Remuneration Committee.

***Amended by the Board of Governors in July 2005, October 2007, July 2008, November 2015 and October 2018***