

Special Severance Payments Standard Operating Procedure

V1.0

July 2025

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Data Protection Act 2018 (UK General Data Protection Regulation – GDPR) Legislation.

The Trust has a duty under the Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 to ensure that there is a valid legal basis to process personal and sensitive data. The legal basis for processing must be identified and documented before the processing begins. In many cases we may need consent; this must be explicit, informed, and documented. We cannot rely on opt out, it must be opt in.

Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 is applicable to all staff; this includes those working as contractors and providers of services.

For more information about your obligations under the Data Protection Act 2018 and UK General Data Protection Regulations 2016/679 please see the Information Use Framework Policy or contact the Information Governance Team.

Royal Cornwall Hospital Trust rch-tr.infogov@nhs.net

1. Introduction

The aim of the Special Severance Payments Standard Operating Procedure is to provide best practice guidance to those individuals involved in the process to determine the application of a Special Severance Payment.

2. Purpose of this Standard Operating Procedure

- 2.1. This guide sets out the processes required by RCHT to follow in agreeing special severance payments.
- 2.2. The guidance aims to ensure appropriate governance to protect the reputation of the Trust and ensure probity and value for money.
- 2.3. It describes the processes to be adopted and the governance framework for the Trust to follow in making special severance payments.
- 2.4. This guidance will be subject to review if the Trust achieves Foundation Trust status or the government changes the current process.
- 2.5. This guidance should be read in conjunction with:

[HM Treasury Guidance on Public Sector Exits: Approval of Exits and Special Severance Payments.](#)

[Managing Public Money.pdf](#)

[SPECIAL SEVERANCE GUIDANCE v3 FINAL.pdf](#)

[Guidance-on-processes-for-making-severance-payments.pdf](#)

[Standing Orders, Standing Financial Instructions, Schedule of Matters Reserved to the Trust Board and Scheme of Delegation](#)

3. Ownership and Responsibilities

- 3.1. All line managers have a responsibility to be aware of this Standard Operating Procedure and the role of the People and OD Team and that of the Remunerations and Appointments Committee.

3.2. Role of the Managers

Line managers are responsible for:

- Being aware of this Standard Operating Procedure and the [Guidance on Public Sector Exit Payments](#) and [NHS England guidance on making severance payments](#)
- Managers should not treat special severance as a 'soft' option, e.g. to avoid management action, i.e. undertaking any formal performance management processes such as disciplinary processes, unwelcome publicity or reputational damage.

- Managers are responsible for ensuring that Special Severance Payments to senior staff are transparent and negotiated avoiding conflicts of interest.
- Managers must ensure that all their sponsored bodies are aware of the criteria for assessment of cases.
- Managers are responsible for ensuring that Special Severance Payments to senior staff are transparent and negotiated avoiding conflicts of interest.
- Managers understand they cannot discuss and/or make a recommendation for a special severance payment without the required delegated authority.

3.3. Role of the Remuneration and Appointments Committee

The Committee is responsible for:

- The approval of any special severance payment of over £100k.
- The Committee will approve of settlement agreements/severance pay or other occasional payments to individuals and out of court settlements, taking account of national guidance.
- The Committee will receive an annual report on the use of Special Severance Payments.

3.4. Role of Individual Staff

All staff members are responsible for:

- Being aware of this Standard Operating Procedure and the [Guidance on Public Sector Exit Payments](#) and [NHS England guidance on making severance payments](#)

4. Standards and Practice

- 4.1. Special Severance Payments when staff leave public service employment should be exceptional. They require Treasury approval because they are often novel, contentious and potentially repercussive. Such payments can appear to reward failure and set a poor example for the public sector generally. Departments should always consult the Treasury in advance when considering a Special Severance Payment.
- 4.2. Special severance payments are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreement termination or contract.
- 4.3. Any payment proposed as part of a settlement agreement in excess of contractual, statutory and other entitlements is a Special Severance Payment and authorisation must be given in writing by HM Treasury before such a settlement is agreed.

4.4. The following types of payments are likely to constitute:

4.4.1. **Special Severance Payments:**

- a) Any payments reached under a settlement agreement.
- b) The value of any employee benefits or allowances which continue beyond the employee's agreed exit date.
- c) Write-offs of any outstanding loans.
- d) Any special leave, such as gardening leave.
- e) Any honorarium payments or gifts.
- f) Any hardship payments.
- g) Any payments to employees for retraining related to their termination of employment.
- h) Compensation in lieu of notice (CILON).
- i) Payments agreed as part of a judicial or non-judicial mediation.

4.4.2. The following types of payments **may constitute Special Severance Payments**, depending on the terms of the individual's contract, relevant statutory provisions, any non-statutory applicable schemes and other relevant terms and conditions:

- a) Pay in lieu of notice (PILON).
- b) Pension strain payments.

4.4.3. The following **do not constitute Special Severance Payments**:

- a) Statutory redundancy payments.
- b) Contractual redundancy payments, whether applicable to voluntary or compulsory redundancy, and whether agreed by collective agreement or otherwise.
- c) Payment for untaken annual leave.
- d) Payments ordered by a court or tribunal.

4.5. It is important to ensure that Treasury approval is sought before any offers, whether oral or in writing, are made. No non-contractual payments should be made until Treasury approval is received.

4.6. All special severance payments require national approval before they are agreed or paid: this means all non-contractual payments upon the departure of a member of staff, regardless of value. NHS providers should contact [NHS England's Trust Governance team](#).

4.7. Note the requirement applies to all non-contractual departments, not just VSMs

4.8. The process required to seek approval is as follows:

- Organisation/department completes the relevant form/business case template.
- Organisation/department gains approval / submits their case to for approval to the following officers/Committee meeting (as per Standing Orders, Standing Financial Instructions and Scheme of Delegation).
 - Chief People Officer up to £30k.
 - Chief Executive Officer of £30k - £100k.
 - Remuneration and Appointments Committee over £100k.
- Once organisation/department gains internal approval, they submit their case for approval to NHS England ([NHS England's Trust Governance team](#): or via england.vsmcases@nhs.net).
- Organisation/department send approved cases to their HM Treasury spending team who will assess the case.
- Please note that Ministerial approval will be sought for Special Severance Payments where an exit package which includes a Special Severance Payment is at, or above, £100,000 and/or where the employee earns over £150,000. This is because payments of this nature are a significant payment out of public funds. Spending teams have discretion to seek ministerial approval for any other case as deemed appropriate.

4.9. HM Treasury approval must be sought in good time to allow reasonable consideration of the case and negotiations mandates to settle must be sought in advance

5. Dissemination and Implementation

5.1. A copy of this standard operating procedure will be available on the Document Library on the intranet/internet.

5.2. A copy of this standard operating procedure will be circulated to Finance, Corporate and People and OD officers to ensure compliance.

6. Monitoring compliance and effectiveness

Information Category	Detail of process and methodology for monitoring compliance
Element to be monitored	Ensure compliance and adherence to national policies as set out within the SOP. Annual Assurance reporting to Remuneration and Appointments Committee will monitor compliance.
Lead	Chief People Officer / Company Secretary.

Information Category	Detail of process and methodology for monitoring compliance
Tool	Monitoring as part of annual reporting to Committee and considered as part of annual report and accounts declarations.
Frequency	Annual review of compliance but the SOP to be reviewed every 3 years.
Reporting arrangements	Remuneration and Appointments Committee.
Acting on recommendations and Lead(s)	Remuneration and Appointments Committee.
Change in practice and lessons to be shared	Common themes or lessons learnt will be considered and changes implemented to the SOC.

7. Updating and Review

The Standard Operating Procedure will be reviewed every 3 years if not earlier.

8. Equality and Diversity

8.1. This document complies with the Royal Cornwall Hospitals NHS Trust service Equality and Diversity statement which can be found in the [Equality Diversity And Inclusion Policy](#) or the [Equality and Diversity website](#).

8.2. Equality Impact Assessment

The Initial Equality Impact Assessment Screening Form is at Appendix 2.

Appendix 1. Governance Information

Information Category	Detailed Information
Document Title:	Special Severance Payments Standard Operating Procedure V1.0
This document replaces (exact title of previous version):	New Document
Date Issued/Approved:	June 2025
Date Valid From:	July 2025
Date Valid To:	July 2028
Author/Owner:	Lynsey Neave, Company Secretary
Contact details:	01872 256343
Brief summary of contents:	This guide sets out the processes required by RCHT to follow in agreeing special severance payments.
Suggested Keywords:	Special, Severance, Payments, Procedure.
Target Audience:	RCHT: Yes CFT: No CIOB ICB: No
Executive Director responsible for Policy:	Chief People Officer
Approval route for consultation and ratification:	Remuneration and Appointments Committee
Manager confirming approval processes:	Chief People Officer
Name of Governance Lead confirming consultation and ratification:	Company Secretary
Links to key external standards:	Managing Public Money.pdf SPECIAL SEVERANCE GUIDANCE v3 FINAL.pdf NHS England » Severances
Related Documents:	Standing Orders, Standing Financial Instructions, Schedule of Matters Reserved to the Trust Board and Scheme of Delegation

Information Category	Detailed Information
Training Need Identified:	No
Publication Location (refer to Policy on Policies – Approvals and Ratification):	Internet and Intranet
Document Library Folder/Sub Folder:	Chief Executive / Corporate Governance

Version Control Table

Date	Version Number	Summary of Changes	Changes Made by
June 2025	V1.0	Initial issue	Lynsey Neave, Company Secretary

All or part of this document can be released under the Freedom of Information Act 2000.

All Policies, Strategies and Operating Procedures, including Business Plans, are to be kept for the lifetime of the organisation plus 6 years.

This document is only valid on the day of printing.

Controlled Document.

This document has been created following the Royal Cornwall Hospitals NHS Trust [The Policy on Policies \(Development and Management of Knowledge Procedural and Web Documents Policy\)](#). It should not be altered in any way without the express permission of the author or their Line Manager.

Appendix 2. Equality Impact Assessment

Section 1: Equality Impact Assessment (EIA) Form

The EIA process allows the Trust to identify where a policy or service may have a negative impact on an individual or particular group of people.

For guidance please refer to the Equality Impact Assessment Policy (available from the document library) or contact the Equality, Diversity, and Inclusion Team
rcht.inclusion@nhs.net

Information Category	Detailed Information
Name of the strategy/policy/proposal/service function to be assessed:	Special Severance Payments Standard Operating Procedure V1.0
Department and Service Area:	Corporate Services
Is this a new or existing document?	New
Name of individual completing EIA (Should be completed by an individual with a good understanding of the Service/Policy):	Lynsey Neave, Company Secretary
Contact details:	01872 256343

Information Category	Detailed Information
1. Policy Aim - Who is the Policy aimed at? (The Policy is the Strategy, Policy, Proposal or Service Change to be assessed)	The Standard Operating Procedure is aimed at managers, People and OD colleagues as well as Finance Managers.
2. Policy Objectives	To set out the standard approach for managing Special Severance Payments.
3. Policy Intended Outcomes	Provide a standard approach / guidance.
4. How will you measure each outcome?	Review of documentation every 3 years and via any considerations as part of the annual reporting to Committee.
5. Who is intended to benefit from the policy?	The Trust, through improved management control.

Information Category	Detailed Information
6a. Who did you consult with? (Please select Yes or No for each category)	- Workforce: No - Patients/visitors: No - Local groups/system partners: No - External organisations: No - Other: Yes
6b. Please list the individuals/groups who have been consulted about this policy.	Please record specific names of individuals/groups: Financial Controller and Associate Director of People and OD as well as Remuneration and Appointments Committee.
6c. What was the outcome of the consultation?	Approved
6d. Have you used any of the following to assist your assessment?	National or local statistics, audits, activity reports, process maps, complaints, staff, or patient surveys: National guidance.

7. The Impact

Following consultation with key groups, has a negative impact been identified for any protected characteristic? Please note that a rationale is required for each one.

Where a negative impact is identified without rationale, the key groups will need to be consulted again.

Protected Characteristic	(Yes or No)	Rationale
Age	No	
Sex (male or female)	No	
Gender reassignment (Transgender, non-binary, gender fluid etc.)	No	
Race	No	
Disability (e.g. physical or cognitive impairment, mental health, long term conditions etc.)	No	
Religion or belief	No	

Protected Characteristic	(Yes or No)	Rationale
Marriage and civil partnership	No	
Pregnancy and maternity	No	
Sexual orientation (e.g. gay, straight, bisexual, lesbian etc.)	No	

A robust rationale must be in place for all protected characteristics. If a negative impact has been identified, please complete section 2. If no negative impact has been identified and if this is not a major service change, you can end the assessment here.

I am confident that section 2 of this EIA does not need completing as there are no highlighted risks of negative impact occurring because of this policy.

Name of person confirming result of initial impact assessment: Lynsey Neave, Company Secretary.

If a negative impact has been identified above OR this is a major service change, you will need to complete section 2 of the EIA form available here:
[Section 2. Full Equality Analysis](#)