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BORDERS COLLEGE REGIONAL BOARD

REGIONAL BOARD

14 December 2023

Extension of Voluntary Severance Scheme

1.0 PURPOSE OF PAPER

For decision

1.1 This paper requests approval to extend the timescale of the College's voluntary severance scheme to 31 July 2026.

1.2 It is for decision.

2.0 EXECUTIVE SUMMARY

2.1 The College currently has in place an approved voluntary severance scheme which it can use to support staff who may wish to voluntarily leave the College's employment, while generating a long-term efficiency gain.

2.2 Current approval for the scheme concludes on 31 July 2024; however, with financial projections indicating further efficiencies will be required in future years, extension of the scheme will allow management to continue to offer voluntary severance as an option to staff as and where appropriate.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

3.1 I recommend that the Regional Board approve the extension of the current voluntary severance scheme to 31 July 2026.

4.0 BACKGROUND

4.1 Voluntary severance schemes are a recognised tool to allow organisations to re-shape services and generate efficiencies, while enabling staff to move on to other opportunities where they may not otherwise be able to do so.

4.2 At its meeting of 24 April 2023, the Chair's Committee approved the implementation of a voluntary severance scheme, to assist in generating efficiencies to set a balanced budget, following the impact of the announcement of "flat cash" teaching grant funding for academic year 2023-24.

4.3 All voluntary severance schemes must also be approved by the Scottish Funding Council (SFC), and this approval was given on 08 May 2023.

4.4 Any extensions to the scheme must also be approved by the SFC, with reference to a College Board minute.

5.0 STATUS AND IMPACT OF SEVERANCE SCHEME

5.1 The current scheme mirrors that used successfully by the College over many years, with severance payments being based on one week's normal pay then multiplied according to the redundancy ready reckoner (age and length of service) plus 10% of salary (up to maximum of £10,000).

5.2 We expect payback on any individual application to be within one year. With exceptions of up to two years approved by SFC.

5.3 Opening the scheme in May 2023 resulted in us allowing 12 individuals (7.5 full-time equivalent) to exit the College between July and October 2023. This enabled us to reduce annual costs by £337k against a one-off severance cost of £200k.

5.4 At this time, indications are that financial settlements for the Scottish college sector will only get tighter in the coming years. Balancing this against increasing costs, means that we must continue to consider all options to generate efficiencies. Extending the voluntary severance scheme, with an option for management to then set dates for expressions of interest, will enable us to be as flexible as possible in considering applications.

5.5 Approval by the Regional Board will require confirmation by SFC.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

6.1.1 There will only be a financial impact if applications to the scheme are received and approved. All financial implications will be considered as part of any severance application in line with College policies, and with Board approval as appropriate.

6.2 Learner Implications

6.2.1 Learner implications will be considered as part of any application.

6.3 Staff Implications

6.3.1 Any application will obviously have staff implications, and these will be subject to appropriate consultation as and where necessary.

6.3.2 Publicising the scheme will be managed to give assurances to the wider staff group that this is a purely voluntary option.

6.4 Equality and Diversity Implications/Equality Impact Assessment

6.4.1 Any implications will be considered as part of the approval process.

6.5 Sustainability/Environmental Implications

6.5.1 There are no sustainability or environmental implications as part of this paper.

7.0 RISK COMMENTARY

7.1 Extension of the scheme is intended to reduce long-term financial risk to the institution by offering a voluntary means of creating operational efficiencies. Clearly, the fewer options the College has available to it, the more difficult it will be to create a sustainable financial operating model.

7.2 Any adverse publicity will be managed by clear communications with staff groups.

8.0 CONCLUSION

8.1 The extension of the voluntary severance scheme gives an option to deliver operational efficiencies in order create a sustainable financial model.

P D SMITH

Principal & CEO

29 November 2023

Previous Board or College Committee Approvals:

Chair's Committee – 24 April 2023

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