

New College Lanarkshire – Response to points raised in Official Report of the Public Audit Committee of 28 Oct 2015

1. At column 11 of the Official Report, Mary Scanlon MSP refers to 33 ‘senior staff’ who left Coatbridge College under voluntary severance. While the number of leavers is correct, these were not all senior staff and covered the full range of posts at Coatbridge, including a number of operational posts and both full-time and part-time roles. It is also important to note that not everyone who applied for voluntary severance at Coatbridge College was accepted. Excluding the senior management team and the member of staff in the principal’s office, a total of 57 staff applied for voluntary severance of whom 26 were accepted.
2. Of the 33 leavers recorded for Coatbridge College, there were six staff accepted for voluntary severance who would be considered as ‘senior staff’ i.e. members of the senior management team. Of the remaining 27 leavers, there were 8 other middle managers and 19 unpromoted staff. The 33 staff leaving Coatbridge should also be seen in the context that a combined total of 94 staff left from the three legacy colleges or New College Lanarkshire under the voluntary severance scheme.
3. In relation to promoted posts elsewhere in the structure for New College Lanarkshire, the following managerial posts are held by staff who were employed by Coatbridge College:

Assistant Principal: Finance
Head of Faculty: Care and Science
Assistant Head of Faculty: Care and Science
Head of External Funding and International Business Development
Head of Information Systems and Development
Conferencing and Accommodation Manager
Curriculum and Quality Leader: Beauty
Curriculum and Quality Leader: Dental
Curriculum and Quality Leader: Hairdressing
Curriculum and Quality Leader: Accounting and Administration
Student Funding Manager
ICT Manager (Systems)
Recruitment & Admissions Manager
Facilities Manager
Head of Centre (Nursery)
Head Chef

4. A further 11 legacy Coatbridge staff hold first line supervisory positions within the new NCL structures.
5. As Dr Kemp points out at column 35 of the official report, many staff transferred from Coatbridge College at merger. The actual number of staff who transferred to New College Lanarkshire was 251, comprising of 131 support staff and 120 lecturing staff.
6. Throughout the evidence provided by John Gray and John Doyle, there are both explicit and implicit assertions that senior staff at Coatbridge were in some way excluded from recruitment processes or that others were given undue preference. John Gray refers to this at columns 59 and 60, where

he states “Well, you would have to ask the New College Lanarkshire management team why they filled jobs and did not give any to Coatbridge.” The Board and management of New College Lanarkshire refute these assertions entirely.

7. Of the senior management team at Coatbridge College, four staff applied for three Vice Principal roles at New College Lanarkshire. Of these four applicants, one was not shortlisted, one withdrew applications for two posts prior to interview and two applicants were unsuccessful at interview. In considering the numbers of applicants and the outcome of those applications, it is important to note that, in relation to the Vice Principal recruitment, only two applicants from Coatbridge College had held a post at this level at Coatbridge and only one presented for interview. At the point of advertising the seven Assistant Principal roles in December 2014, no member of the senior management team at Coatbridge applied for any Assistant Principal roles or for any other role within NCL. However, a member of staff who was not previously a member of the senior team at Coatbridge College applied and was appointed to a post within the NCL senior management team.
8. NCL operated the same interview panel for all three Vice Principal roles. This consisted of Linda McTavish (Regional Lead), Alex Muirhead (Chair, NCL – former Chair, Motherwell), Tom Keenan (Chair, Coatbridge), Margaret Cook (Board Member, NCL – former Vice Chair, Cumbernauld and HR Director @ Edinburgh Napier University) and Martin McGuire (Principal, NCL).
9. For Assistant Principal posts, the panel included the Regional Lead, Principal, the relevant Vice Principal and a Board member with experience relative to the role being appointed. Board members from all three legacy colleges participated in this process.
10. Members of the PAC may or may not be aware of the independent review of merger arrangements conducted by Alex Linkston, former chief executive of West Lothian Council, at the request of SFC, which focused primarily on the support provided to senior staff during the merger. At the present time, this report remains confidential and is held by SFC; however, in his review, Mr Linkston explicitly states:

“Overall I consider that the merger process – both in terms of communication and recruitment strategies – was very sound and that NCL should be congratulated for such a transparent and fair process ... I find no fault with the process for conducting the interviews for senior roles within NCL and consider these to have been fair and objective.”

11. Mr Linkston reached his conclusions after interviewing some 31 individuals, including former members of the senior management team at Coatbridge College.
12. At column 41 of the Official Report and at several other points, both Mr Doyle and Mr Gray make reference to an agreed Lanarkshire Federation Voluntary Severance Scheme in place for all colleges involved in the merger process. This is incorrect on two points.
13. South Lanarkshire College has never been part of the merger discussions. The Board of South Lanarkshire College chose not to participate in merger in 2013 and have maintained this position consistently since that time. New College Lanarkshire and South Lanarkshire College continue to work together within the new regional governance arrangements for the SFC defined region of Lanarkshire.

14. In terms of a Lanarkshire Federation Voluntary Severance Scheme, there has never been such a scheme agreed across all four colleges. Mr Doyle is correct that the Principal of South Lanarkshire provided some information to a meeting of the Lanarkshire Principals as an option for discussion, but this was never presented to the boards of management of Motherwell College and Cumbernauld College or to the Merger Management Group (MMG). At columns 43 and 63 of the Official Report, Mr Doyle also states that “the funding council, the regional chair Ms McTavish, all the chairs and principals of the colleges and the Scottish Government adviser, Roger Mullin, were at all of the meetings. It is well recorded.” This is also incorrect and Mr Doyle appears to be confusing the meetings of the MMG and the board with the Principals’ Meeting, at which none of the people referred to by Mr Doyle were present (except the principals). Mr Doyle himself appears to recognise that the information presented by South Lanarkshire College was not agreed, when he refers to the scheme being presented for ‘potential adoption’. At column 63, Mr Doyle refers to a 21 month voluntary severance scheme as being the preferred one. This again is incorrect, as such a scheme was never agreed or preferred by the people referred to by Mr Doyle
15. At column 41 and again at columns 44 and 63, Mr Doyle also makes reference to a (Federation) action plan for Lanarkshire. No such action plan exists beyond a summary document prepared by Mr Doyle in December 2012 and circulated to the other Lanarkshire Principals. It was not formally adopted and much of the discussion to that date was overtaken by the announcement in January 2013 that Motherwell and Cumbernauld Colleges were proposing to merge.
16. At column 43 of the Official Report, Mr Doyle also makes reference to “a very occasional situation in which someone would leave with a scheme.” In response to a recent Freedom of Information request to New College Lanarkshire, we have been required to check these figures and it appears that in the 6 academic years from 2007(08) to 2012(13) i.e. excluding any severance related to the merger process, 35 people left Coatbridge College with some form of severance arrangement.
17. At column 49 of the Official Report, Mr Doyle states that “a large number of people did not get posts”. We would refer to our earlier points in relation to the recruitment processes and add that, although voluntary severance was considered on request to facilitate change, no member of staff has been made compulsorily redundant, most unpromoted posts were filled by direct job matching and no-one who chose to remain with the College was left without a role.
18. Also at column 60, John Gray states that John Doyle was not allowed to apply for the post of principal of the merged college. Mr Doyle revisits this at column 69 in response to questioning by Tavish Scott MSP. We believe that two separate issues are being confused here and it may be helpful to summarise the timeline of appointment process for the principal designate of New College Lanarkshire.
19. The post of Principal Designate for New College Lanarkshire was advertised externally in w/c 29 April 2013, with most adverts appearing on Friday 3 May. The post was advertised in The Herald, The Scotsman, Times Educational Supplement Scotland (TESS) and s1jobs. The closing date was 17 May 2013.
20. Interviews took place on 30 May 2013. Following the interviews, Martin McGuire was appointed Principal at Motherwell College and Principal Designate for New College Lanarkshire. He formally took up post on Monday 3 June. The post at Motherwell was vacant, as the previous incumbent

had submitted his resignation in April 2013, with his last day of employment being Friday 31 May 2013.

21. At the stage of advertising the Principal Designate role, Mr Doyle could have applied had he chosen to do so.
22. At column 61, John Gray states that “we [Coatbridge] argued strongly for proper representation on committees, the board and so on, but a lot of that was not forthcoming.” At column 70, John Doyle states that “no effort at all was made to bring people onto the workstreams.” However, at the point that Coatbridge was considering being part of the merger in February and again in August of 2013, they were given the same representation on the Merger Management Group as the other two colleges and retained their own autonomous board until vesting day. Coatbridge was invited to nominate staff to participate in workstreams and, in August 2013, they did so. Some of the issues raised by Coatbridge were in relation to the leadership of the Merger Management Group and arrangements for chairing workstreams. These arrangements were not revised, as it was considered that relationships had been established and to change decisions already made would be to the detriment of progress made to date. One member of the senior staff at Coatbridge did assume the chair of a workstream for a period, for the key group looking at student services and support. Dr Kemp of SFC states at column 10 that, in his view and having been present at the meeting, “the issues were not so significant that they should have led to Coatbridge leaving the merger.”
23. Also at column 66, Mr Doyle refers to the principal and senior management team being employed by the board of management and appears to indicate that this is why a separate discussion was held in relation to senior staff. This confuses the legal position, which is that all college staff are employed by the board of management, not only senior staff. The only difference is that to avoid a conflict of interest, the remuneration committee or equivalent will agree the salaries of senior staff, as in some colleges the senior staff have delegated authority to negotiate pay awards for other staff on behalf of the board.
24. At column 72, Mr Doyle states that, “Because of the board’s alternate income strategy, we had no loans.” To ensure clarity for any member of the PAC reviewing the College’s annual financial statements, at the point of merger Coatbridge College did not have any loan arrangements in place in relation to its ongoing operations. As part of the campus development programme for which SFC had agreed to provide funding, Coatbridge College, SFC and Lloyds TSB entered into a tripartite arrangement that enabled SFC to borrow £8.7m to fund the Phase 2 campus development at Coatbridge Campus. This was arranged via Lloyds TSB and is repaid directly by SFC. As at 31 July 2015, the outstanding total is £4,519,000 and the final payment is due in March 2020. As the loan is secured against the assets of Coatbridge College, this loan is included in the College’s balance sheet, but does not form part of the income and expenditure account, as the College is not involved in the repayment of the loan.
25. At column 79, John Doyle refers to the member of staff in his office having her salary increased by 19% due to additional responsibilities being allocated to her due to her experienced as a ‘communications expert’. The paperwork increasing the member of staff’s salary contained within her personal file does not provide any outline or justification for these additional duties. The member of staff concerned also did not participate in any of the formal communication workstream activity associated with merger.

26. At column 81, John Doyle states that the increase to the salary of the member of staff based in his office was not intended to be an established rise. However, the member of staff's personal file contains an email from the director of human resources stating that the principal has confirmed that the salary increase is a permanent change.
27. In relation to decisions taken on voluntary severance applications, at column 82, John Doyle states that these decisions were made by the NCL management team. This is incorrect. The voluntary severance scheme operated in relation to the merger of Coatbridge, Cumbernauld and Motherwell Colleges was operated separately and autonomously by those three colleges, although there was a joint meeting at which senior representatives from all three colleges participated to ensure that there was some coordination and discussions of decisions, so that, for example, the new college was not to be left short of staff in key areas due to decisions being made in isolation by each college. A copy of the Voluntary Severance Scheme is attached.



Voluntary Severance Scheme

Introduction

Coatbridge, Cumbernauld and Motherwell Colleges (The Partner Colleges) are coming together to create New College Lanarkshire during the financial/academic year 2013/2014. Unlike some areas, the Lanarkshire region will see growth in the activity it is asked to deliver. However, over the next 3 years, the expected level of core grant, combined with inflationary and harmonisation pressures on internal and external costs, will require management action to make savings across the new College. Therefore, as a result, The Partner Colleges have a need to reduce the number of staff to deliver a more efficient and effective College going forward.

As a way of reducing the number of staff, each College, individually, is offering a Voluntary Severance Scheme of which the financial terms on offer are the same in each College. Although this Scheme is being delivered separately by Coatbridge, Cumbernauld and Motherwell Colleges, the decision making processes will be unified and focused on the requirements of the new College.

The application of this Voluntary Severance Scheme is dependent on the Scottish Funding Council providing support from the Transformation Fund.

Voluntary Severance Scheme

- 1 There will be no automatic right to a severance package and only cases that are in the College's best interest will be recommended for approval.

The Scheme will not apply:

- Where a member of staff has less than 2 years' continuous service as at termination date;
- where a member of staff is in the process of leaving the College's employment due to having given, or having been given, notice of termination of their employment; or
- where an application for early or ill health retirement is already being progressed and is successful.

The proposed Voluntary Severance policy allows all staff, with over 2 years' continuous service and who are within its scope, to express an interest in Voluntary Severance.

Voluntary Severance Scheme contd

The Voluntary Severance Scheme will open from Monday 16 September 2013 and will close on Friday 11 October 2013 and initial expressions of interest for the Scheme are requested, in writing, via a pro-forma available from Human Resources. Expressions of interest will be reviewed within 10 working days of closing date.

It is expected that all expressions of interest are serious and made in good faith. If a formal application is accepted, it cannot be withdrawn and the individual's employment with the College will terminate on a date to be determined by the College.

All expressions of interest will be treated with the strictest confidence and are strictly private and confidential.

- 1.1 The Voluntary Severance offer will be in the form of a lump sum payment. The following scale will apply by way of compensation for the termination of employment:

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|------------------------------------|-------------------|
| • 2 years – 4 years' service | 6 months' salary |
| • over 4 years – 9 years' service | 9 months' salary |
| • over 9 years – 14 years' service | 12 months' salary |
| • over 14 years' service | 13 months' salary |

Service date will be calculated using continuous service dates, as per the Local Government Redundancy Payments Modification Order, as at the date of termination. Such payments will be inclusive of entitlement to statutory redundancy pay and Voluntary Severance payments are free of tax up to a maximum of £30,000.

- 1.2 A week's/month's pay is the basic weekly/monthly salary under contract when the employee has normal working hours and pay does not vary. Where earnings vary, the amount will be the average weekly/monthly earnings during the 16 weeks prior to the application date, excluding holidays.

Employees may also be owed outstanding holiday pay depending on the terms of their contract relating to holiday pay on termination of employment.

Employees who work normally during their notice period are entitled to all their contractual benefits like company car, insurance cover and accrual of holiday entitlements.

Voluntary Severance Scheme contd

- 1.3 The leaving date for individuals accepted for Voluntary Severance will be subject to discussion, however, the final decision will rest with the College. Staff will be expected to work their contractual notice period.
- 1.4 In the event that an individual's employment is terminated for any reason other than Voluntary Severance, or they resign before the agreed date, the College will withdraw the offer of Voluntary Severance and the associated payment. If an individual has been given notice of redundancy they can ask to leave earlier. If the College agrees to this, they will still qualify for a redundancy payment.
- 1.5 All Voluntary Severance arrangements will be subject to completing and signing a settlement agreement, which will be issued after the contract end date has been agreed. The severance payment will be strictly conditional upon the settlement agreement being signed by the employee and their legal adviser, on, or immediately after, the date the parties reach agreement and within 14 calendar days from the date of issue and on, or immediately after, the contract end date. Failure to return the signed settlement agreement in these timescales will result in the severance payment being withheld until the agreement has been signed.

For the settlement agreement to be binding, the individual must take independent legal advice on the terms of the settlement agreement. A payment of £250 + VAT will be made towards the cost to the individual of taking independent legal advice. This payment will be made direct to the employee's adviser on submission of an invoice.

- 1.6 Staff who take Voluntary Severance payments are normally unable to be re-employed by the College or the new College within a 2 year period,
- 1.7 Expressions of Interest will be considered against a range of criteria, with the most important being the associated business case based on the potential for savings to the College, e.g. no replacement costs, or other substantive reason e.g. approval allows for improvement in the efficiency of the Service.

In making decisions about redundancies where there are pension implications, the College will need to consider that the efficiency delivered by the redundancy is not outweighed by the financial compensation that will need to be made to the relevant pension scheme.

Voluntary Severance Scheme contd

- 1.7 This is referred to as the "payback period". This is the period determined by the College over which the full costs of the redundancy, including payments to the employee and to the pension scheme, (see Access to retirement benefits) are recovered by the non-replacement of the post.

This will be 2 years, but may be more in particular circumstances. The decision on the "payback" period for any programme of redundancy is entirely at the College's judgement.

- 1.8 If an application is accepted, payment of the Compensation Payment and/or any Strain Cost will be dependent upon the individual entering into a settlement agreement.

- 1.9 There is no contractual right to Voluntary Severance and the College reserves the right to vary, change, or withdraw entirely, the Voluntary Severance Scheme without notice.

- 1.10 The College's decision is final and there will be no right of appeal.

The application of this procedure will be monitored by Human Resources, in the context of each College's policies on equal opportunities. An equality impact assessment is available. A report will be made as appropriate to the Board of Management and its appropriate standing Committees.

Access to Retirement Benefits

Strathclyde Pension Fund

An individual accepted for Voluntary Severance, who is a member of the Strathclyde Pension Fund, may be entitled to access their pension if they satisfy the age and service criteria. The decision to accept an application for Voluntary Severance will be based on the total cost to the College of the Voluntary Severance payment and any mandatory pension costs (known as the Mandatory Strain Cost).

If an individual is aged 55 (50 if a member as at 6 April 2006) or over, and has at least 2 years total membership, they will receive their pension and lump sum immediately. (SPFO website).

If an application is accepted by the College under the Strathclyde Pension Fund, any Mandatory Strain Cost associated with the termination of the individual's employment will be paid by the College in addition to the Compensation Payment. This payment will be made direct to the Strathclyde Pension Fund.

Scottish Teachers' Superannuation Scheme

With the Scottish Teachers' Superannuation Scheme there are two choices open to scheme members aged between 55 years and normal pension age (either 60 years if they joined before 01 April 2007 or 65 years otherwise) who are accepted for Voluntary Severance, to receive an actuarially reduced pension and reduced lump sum, or to convert some of the actuarially reduced pension to provide a larger tax free lump sum.

With employer consent, individuals may elect to have the costs associated with an actuarial reduction met from the compensation payment if an application for Voluntary Severance is accepted. If the cost of meeting the actuarial reduction exceeds the payments due under Voluntary Severance, the College will not normally accept the application.

The College is legally unable to provide pension advice to employees and individuals are encouraged to seek independent advice in this matter.

Additional information regarding pensions can be found on the Strathclyde Pension Fund and the Scottish Public Pensions Agency website or by contacting them directly.

The contact details are as follows:

Strathclyde Pension Fund
P.O. Box 27001
Glasgow
G2 9EW
0845-2130202
www.spfo.org.uk

Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE
01896-893000
www.sppa.gov.uk

The College will provide a range of support services, including courses in preparation for retirement, to assist staff where applications for Voluntary Severance have been approved.

Procedure for Applying for Voluntary Severance

- 1 **All staff communication:** all staff will be informed of the availability of the scheme on 12 September 2013.
- 2 **Initial contact:** contact Lorraine Gunn, Coatbridge College, Gerry Waters, Cumbernauld College and Brian Gilchrist, Motherwell College, to arrange a confidential, and without commitment, initial discussion. The preferred method for this initial contact is by e-mail to lgunn@coatbridge.ac.uk, gwaters@cumbernauld.ac.uk and bgilchrist@motherwell.co.uk.
- 3 **Confidential discussion:** to establish whether the member of staff wishes to proceed with an application for Voluntary Severance. This discussion will confirm the terms that would be likely to apply, and also arrange for further information, e.g. pension quotations, to be made available. Applications would only advance to the subsequent stages if agreed by the individual staff member.
- 4 **Formal request:** the individual, if wishing to proceed, would formally apply, in writing, to their Human Resources team using the pro-forma "Application for Voluntary Severance". Such requests will then be passed to the relevant Head of Faculty/Line Manager. All formal requests must be submitted by 11 October 2013.
- 5 **Information from faculty/department:** contact is made with the appropriate Head of Faculty/Line Manager to inform them of the application and establish what the effect on the faculty/department would be. A key consideration is whether the post to be vacated could be absorbed within the department. Applications are unlikely to be successful where there is a requirement to replace the post.
- 6 **Redeployment:** where a replacement is required, it may still be possible to progress the application if the post can be filled internally, by redeployment, resulting in a saving in another faculty/department.
- 7 The Head of Faculty/Line Manager will then consider if the criteria for granting Voluntary Severance are met. A written statement should then be forwarded to their Human Resources Team to confirm whether the case is being supported or not. These written statements must be submitted by Faculty Heads/Line Managers by 18 October 2013.

- 8 The cases will then be considered at senior staff level, Board members will also be involved in this process, (as per Audit Scotland's Guidance).
- 9 Decisions on Voluntary Severance will be communicated, in writing, as stated above.

Access to Retirement Benefit

The decision to access retirement benefits before normal retirement age is for individual staff to consider. Where the College would incur additional costs, as a result of staff accessing retirement benefits, this will be taken into consideration before any approval of Voluntary Severance and access to benefits is granted.

Website: www.sppa.gov.uk (Scottish Teachers Scheme)
 www.spfo.org.uk (Strathclyde Pension Fund)

Further information

Any matters relating to information contained in this paper can be discussed with the Human Resources Department.