



University of
St Andrews

Severance policy

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Purpose	To set out the University's policy on the payment of compensation to staff on the termination of their employment (other than the ending of a fixed term contract/ redundancy/Voluntary Severance Early Retirement (VSER) situation).

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
1.3	Changes to reflect the mothballing of the VSER policy to ensure consistency in approach.	Published.	Mairi Stewart Director of HR	04/05/2023

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1. Purpose

- 1.1 To set out the University's policy on the payment of compensation to staff on the termination of their employment (other than the ending of a fixed term contract/redundancy).

2. Scope

- 2.1 From time to time, the University may, at its sole discretion, offer a severance package to an employee on the termination of their employment.

3. General principles

- 3.1 The University should have regard to relevant guidance in determining any severance packages, including the [SFC Financial Memorandum](#) and the [HE Code of Good Governance](#).
- 3.2 Any proposal for a severance package should take into account contractual entitlements and any payments should be proportionate and have due regard to the appropriate use of University funds.
- 3.3 Each case will be considered on its merits at senior level to ensure that the particular circumstances merit a compensation payment being made. In no case should it be possible for a single member of staff (senior or otherwise) to determine that a payment be made.
- 3.4 To ensure consistency in approach, the following formula will normally be applied:
 - 0.75 of a week's salary per year of service performed when under the age of 22.
 - 1.5 weeks salary per year of service performed when aged 22 to 40.
 - 2.25 weeks salary per year of service performed when aged 41 and above.
 - Length of service is capped at 20 years.
- 3.5 Negotiations on severance packages and payments will be informed by appropriate legal advice before decisions are taken.
- 3.6 Approval must be sought from the [Remuneration Committee](#) where severance arrangements involve University expenditure in excess of £100,000, apply to a member of the Principal's Office, or depart from this policy.
- 3.7 As required by the SFC Financial Memorandum, the view of the University's external auditor must be sought where consideration is being given to any novel or potentially contentious severance payment, including payments involving University expenditure in excess of £100,000.

4. Approval

- 4.1 Where the University considers that a compensation package might be appropriate, the following approval levels shall apply (subject also to the provision at 3.5 above):
 - In the case of the Principal, the Senior Lay Person (who will have sought approval from the [Remuneration Committee](#));
 - For Principal Office members, the Principal (who will have discussed with the Senior Lay Person and sought approval from the [Remuneration Committee](#));
 - For academic staff, the Master, in discussion with the Principal;

- For non-academic staff, the Quaestor & Factor, in discussion with the Vice Principal (Governance) or Director of HR;
- For any member of staff at Professorial/Professional Grade 9 level, or where there is considered to be a reputational risk to the University, the Principal's approval will always be sought before any package is agreed.

5. Monitoring and Governance

5.1 The following information will be presented to the [Remuneration Committee](#) to ensure appropriate oversight of compensation packages paid to departing staff.

- For packages less than 9 months' salary of the individual, the Committee will be advised at each meeting of the number of such packages only;
- For packages of more than 9 months' salary of the individual, the Committee will be advised at each meeting of the amount, the length of service, the salary and the reason why a package has been paid.
- The Committee will be provided annually with an anonymised report of the total number of severance payments made and amounts involved.

6. Confidentiality

6.1 All severance agreements shall include appropriate confidentiality clause(s). Any such clause(s) do not, however, prevent the individual concerned from exercising their public interest disclosure rights in accordance with the [University's whistleblowing policy](#).

7. Reengagement

7.1 Where an employee leaves the university under the terms of a severance agreement, re-engagement or re-employment will only be considered in exceptional circumstances.

8. Version control

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
1.0	Migration of the policy to the Governance Zone.	Published.	Lisa Stewart Human Resources	03/07/2019
1.1	Change to review date	Published.	Lisa Stewart Human Resources	20/12/2021
1.2	Change to review date only.	Published.	Mairi Stewart HR	15/12/2022
1.3	Changes to reflect the mothballing of the VSER policy to ensure consistency in approach.	Published.	Mairi Stewart Director of HR	04/05/2023