



Northern College

REMUNERATION COMMITTEE ANNUAL REPORT TO THE BOARD OF GOVERNORS 2022/23

1. Introduction

- 1.1. This annual report has been prepared by the Remuneration Committee and is based on the guidance included in the Colleges' Senior Post Holder Remuneration Code.
- 1.2. The report aims to:
 - 1.2.1. provide assurance to the Board of Governors that the Remuneration Committee has effectively discharged its responsibilities; and
 - 1.2.2. more broadly meet the requirements for transparency and accountability in the setting of senior post holder remuneration.
- 1.3. The report covers the period from 1 August 2022 to 31 July 2023.

2. Compliance with the AoC Colleges' Senior Post Holder Remuneration Code

- 2.1. The AoC Colleges' Senior Post Holder Remuneration Code was published in December 2018. The Board of Governors approved the adoption of the code in March 2019 and agreed an action plan to achieve full compliance.
- 2.2. The Remuneration Committee has continued to monitor compliance in line with the code since its adoption.
- 2.3. The Remuneration Committee undertook an evaluation of the College's compliance with the code at its meeting on 20 September 2023 and concluded that the College was fully compliant.

3. Scope

- 3.1. This report relates to the remuneration of senior post holders at the College.
- 3.2. The posts designated as senior post holders during 2022/23, and therefore falling within the scope of this report, were the Principal/Chief Executive and the Clerk to the Governors. These are the only two posts within the college structure that are designated senior post holders.

4. Remuneration Committee

- 4.1. The Board of Governors delegated a range of responsibilities with regard to senior post holder remuneration to the Remuneration Committee. These responsibilities were

outlined in the committee's terms of reference covering the period of this report which are attached at Appendix 1.

4.2. Membership of the Committee during 2022/23 was as follows:

- 4.2.1. Prof Tim Thornton (chair)
- 4.2.2. Mark Sanders;
- 4.2.3. Neil Copley;
- 4.2.4. Clare Clifton (to 23 February 2023);
- 4.2.5. Ann Corrigan

4.3. The committee met on 15 September 2022 and 8 March 2023. Both meetings were quorate.

4.4. The Clerk to the Governors serviced the meetings. The Clerk withdrew when consideration of her own role was being undertaken, for these items the Head of HR serviced the meetings.

4.5. The meetings were attended by the Principal who was invited to advise on agenda items that did not relate to her own salary or other benefits. The Principal withdrew when consideration of her role was being undertaken.

5. Approach to Senior Post Holder Remuneration

5.1. The College is committed to ensuring that senior post holder remuneration is fair, appropriate and justifiable, that procedures and decision making are fair and transparent, that proper accountability is demonstrated and that an appropriate balance is struck between recruiting, retaining and rewarding the best staff possible, whilst delivering the best outcomes for students and demonstrating effective use of resources.

5.2. To support this commitment, the College has developed a guiding principles and procedures document for senior post holder remuneration which is attached at appendix 2.

5.3. Proposals regarding remuneration are considered by the Remuneration Committee, which then makes recommendations to the Board of Governors for final approval as appropriate.

5.4. When considering remuneration, the committee uses a consistent framework which includes using evidence and comparator information where appropriate.

5.5. The committee undertakes two types of review/decision making regarding senior post holder remuneration.

Periodic Reviews

5.5.1. The Remuneration Committee periodically reviews the complete remuneration package for senior post holders. This is done in relation to the context in which the College is operating and with reference to the overall approach to rewarding all College staff.

- 5.5.2. Data considered as part of these periodic reviews may include College performance and affordability, pay multiples data, appraisal information and individual performance, relevant benchmarking data from comparator colleges/organisations (using the Association of Colleges Annual Salary Survey of FE colleges) and market rates for comparable roles within the sector taking into consideration the location, size and complexity of the College.
- 5.5.3. Periodic reviews for all senior post holders were undertaken in 2022/23.
- 5.5.4. The salary of the interim Principal appointment was considered and reviewed as part of the appointment process. Pay multiple data was considered along with the range of factors set out in the Senior postholders Remuneration code as part of the decision making process.
- 5.5.5. The next periodic review is scheduled for 2023/24.

Cost of Living Pay Awards

- 5.5.6. Annual cost of living awards for senior post holders are awarded in line with that for the College Leadership Team and curriculum staff.
- 5.5.7. In 2022/23 the Principal and Clerk to the Governors received a pay award of £500 consolidated to their pay point in line with the approach adopted for the College Leadership Team and curriculum staff.

5.6 During 2022/23 the ONS reclassified Colleges as public sector and consequently issued guidance on senior pay controls and severance payments. The Remuneration Committee were notified of these changes and the Senior postholder Remuneration procedures were reviewed and recommended for approval at the September 2023 meeting.

6. Pay Data

6.1. Total Remuneration Principal/Chief Executive 2022/23 and Pay Multiples

	2022/23	2021/22	2020/21
Salary	110,281	106,890	106,890
Performance related pay	n/a	n/a	n/a
Benefits	n/a	n/a	n/a
Subtotal	110,281	106,890	106,890
Pension costs	21,934	22,892	22,554
Total			
Pay multiple of the Principal/Chief Executive/Accountable Officer basic pay and the median earnings of the College's whole workforce	3.79	3.68	3.79
Pay multiple of the Principal/Chief Executive/Accountable Officer total emoluments and the median earnings of the College's whole workforce	3.75	3.79	3.79

- 6.1.1. Figures provided for 2022/23 include an amalgamation of the Principal and Interim Principal salaries and are inflated by a payment for untaken holiday.
- 6.1.2. Assumptions for calculation of pay multiples:
 - Calculations have been made using the methodology set out in the ESFA college accounts direction;
 - The calculation for median earnings of the whole College workforce excluded those staff on variable time/casual contracts.

6.2. **Benchmarking**

- 6.2.1. Based on Universities and Colleges Employers Association (UCEA) pay summary data published in 2021 which looked at the ratio of organisational head to median employee pay, ratios of related sectors were 5.7 for local government organisations and 6.8 for Higher Education.
- 6.2.2. The Hutton fair pay review recommended that public sector CEOs should be paid below 20:1.

6.3. **Income Derived from External Activities**

- 6.3.1. Income derived from external activities can arise in two categories:

- 6.3.1.1. *Where the activity is considered to be part of a role, and has a potential benefit for the College.* Where appropriate it is relevant for senior post holders to represent the College on various bodies and boards and carry out academic and civic responsibilities at other organisations. Where this is the case the activity will be agreed by the line manager as part of the role and any income generated will be retained by the College.

- 6.3.2. *Where external activity is not part of the role and is not directly related to the work of the College.* An exclusivity of service clause is included in the employment contract for senior post holders. This requires that a senior post holder seeking to undertake any additional work outside of their contract with the College obtains express permission. Where permission is granted, and the work is undertaken in the post holders own time, the post holder will retain the income generated.

- 6.3.3. The Clerk to Governors received approval in line with her contract to undertake paid employment for governance reviews on behalf of Stone King LLP outside of her College working time. The request was agreed on the basis none of these reviews presented a conflict of interest to the College.

- 6.3.4. There were no other instances of remunerated external work in either category during 2022/23 for senior post holders.

6.4. **Severance payments**

- 6.4.1. Severance payments in this context are any enhanced payments made to an employee on the early termination of a contract.
- 6.4.2. No severance payments were made to senior post holders during the period.



Northern College

Terms of Reference - The Remuneration Committee

- 1 Membership**
 - 1.1 The committee will consist of at least four members of the Board of Governors, one of whom will be the chair of the Board of Governors. Where appropriate the committee may also include up to two independent members with appropriate expertise.
 - 1.2 The Principal, staff and student governors are not eligible for membership.
 - 1.3 The committee may invite:
 - third parties to provide external independent advice;
 - members of College staff to present specific reports, information or recommendations.Such persons will not have a vote, but are entitled to speak at the meeting.
 - 1.4 For the avoidance of doubt whilst members of staff, including senior post holders, may be invited to meetings as attendees to present reports and provide advice they are not members of the committee, will not play any part in its decision making and will withdraw from every part of a meeting at which their own remuneration or performance is under discussion.
 - 1.5 Membership of the committee and its terms of reference will be approved by the Board of Governors.
- 2 Quorum**
 - 2.1 The quorum will be three members.
- 3 Frequency of Meetings**
 - 3.1 The committee will meet as and when required, but normally twice per annum.
- 4 Responsibilities of the Committee**

With respect to Senior Post Holders

 - 4.1 Determine and review the salary and conditions of service for senior post holders.
 - 4.2 Consider the annual appraisal and performance of senior post holders.
 - 4.3 Consider and approve any severance terms for senior post holders.
 - 4.4 Monitor adoption of, and compliance with, the Colleges' Senior Staff Remuneration Code.
 - 4.5 Provide an annual report to the Board of Governors.
 - 4.6 Oversee the publication of an annual statement regarding senior post holder remuneration.

With respect to all other staff

4.7 Consider proposals regarding pay awards and make recommendations to the Board of Governors.

4.8 Be consulted on any major changes to employee benefit structures.

5 Election of Chair 5.1 The chair of the committee will be selected from amongst the members of the committee. The chair of the Board of Governors will not chair the committee.

6 Clerking the Committee 6.1 The Clerk to the Governors shall act as secretary to the committee, (with the exception of any matters relating to their own remuneration or performance in line with 1.4 above).

7 Reporting to the Board of Governors 7.1 The minutes of each meeting of the committee will be presented to the next available meeting of the Board of Governors.

8 Date of Approval September 2019 – Board of Governors.

9 Next Review December 2023