

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 2018 to 31 July 2019.

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 first full year of operation under the code will be 2019/20. This report is therefore the first of its kind and covers an interim period in which the code was newly adopted part way through the year and actions towards achieving full compliance were being implemented.

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 2018/19, and therefore falling within the scope of this report, were the Principal/Chief Executive, the Vice Principal and the Clerk to the Governors.

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 2018/19 was as follows:
 - 4.2.1. Clive Macdonald (chair to 10 July 2019);
 - 4.2.2. Prof Tim Thornton (chair from 11 July 2019);
 - 4.2.3. John Edwards;
 - 4.2.4. Kate Fleming;
 - 4.2.5. Frank Lord.
- 4.3. Professor Thornton was appointed as chair of the committee in July 2019 in order to ensure compliance with code requirement II (c) which states that *remuneration committees must be independent, competent and should not be chaired by the chair of the governing body.*
- 4.4. The committee met on 7 February 2019. The meeting was quorate.
- 4.5. The Clerk to the Governors serviced the meeting. The meeting was attended by the Principal who was invited to advise on agenda items that did not relate to her own salary or other benefits.

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. Proposals regarding remuneration are considered by the Remuneration Committee, which then makes recommendations to the Board of Governors for final approval.
- 5.3. When considering remuneration, the committee uses a consistent framework which includes using evidence and comparator information where appropriate.
- 5.4. The committee undertakes two types of review/decision making regarding senior post holder remuneration.

5.4.1. Periodic Reviews

5.4.1.1. 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.

5.4.1.2. 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.

5.4.1.3. No full periodic reviews were scheduled for 2018/19.

5.4.1.4. Periodic reviews were last undertaken in November 2016 for the Vice Principal and Clerk to the Governors, and February 2018 for the Principal.

5.4.1.5. Periodic reviews for all senior post holders will be undertaken during 2019/20.

5.4.2. Cost of Living Pay Awards

5.4.2.1. Annual cost of living awards for senior post holders are awarded in line with that for all other academic/academic related staff.

5.4.2.2. In 2018/19 the Vice Principal and Clerk to the Governors were awarded a 2% rise backdated to 1 August 2018, this was consolidated into the academic/academic related pay scale.

5.4.2.3. No additional cost of living award was made to the Principal in 2018/19 as this had been factored into the remuneration package commencing 20 August 2018.

6. Pay Data

6.1. Total Remuneration Principal/Chief Executive 2018/19 and Pay Multiples

	2018/19	2017/18
Salary	100,054	94,823
Performance related pay	n/a	n/a
Benefits	n/a	n/a
Subtotal	100,054	94,823
Pension costs	18,535	6,933
Total	118,589	101,756
Pay multiple of the Principal/Chief Executive/Accountable Officer basic pay and the median earnings of the College's whole workforce	4.2	3.78
Pay multiple of the Principal/Chief Executive/Accountable Officer total emoluments and the median earnings of the College's whole workforce	4.33	3.44

6.1.1. Assumptions for calculation of pay multiples:

- Calculations have been made using the methodology set out in the ESFA college accounts direction 2018 to 2019;
- The calculation for median earnings of the whole College workforce excluded those staff on variable time/casual contracts;
- Pension contributions in 2017/18 are low due to the post holder not contributing to the USS main scheme for the majority of the year;
- The Principal/Chief Executive calculation for 2018/19 was based on slightly less than one full year as the post holder did not start in post until 20 August 2018.

6.2. Income Derived from External Activities

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

6.2.1.1. *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.

6.2.2. *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.

6.2.3. There were no instances of remunerated external work in either category during 2018/19 for senior post holders.

6.3. Severance payments

6.3.1. Severance payments in this context are any enhanced payments made to an employee on the early termination of a contract.

6.3.2. No severance payments were made to senior post holders during the period.

7. Other Work Undertaken by the Committee

- 7.1. The Remuneration Committee is also responsible for making recommendations to the Board of Governors regarding pay awards for all staff and being consulted on any major changes to employee benefit structures.
- 7.2. During 2018/19 the Committee made recommendations to the Board of Governors regarding annual cost of living pay awards for both academic/academic related and support staff.

8. Planned Developments for 2019/20

- 8.1. Changes to senior post holder designation – The Vice Principal retired from the College at the end of 2018/19. A new staffing structure at leadership team level was introduced from 1 August 2019. The Board of Governors agreed to designate two posts as senior post holders - the Principal and the Clerk to the Governors.
- 8.2. As part of the review of compliance against the Colleges' Senior Post Holder Remuneration Code new terms of reference for the Remuneration Committee were developed and these were presented to the Board of Governors and approved at its meeting in September 2019.
- 8.3. The new terms of reference are accompanied by a principles and procedures document which provides additional detail regarding the implementation of the responsibilities of the committee.