

## REMUNERATION COMMITTEE

### ANNUAL REPORT ON SENIOR POST HOLDERS' REMUNERATION

1<sup>st</sup> August 2022- 31<sup>st</sup> July 2023

#### BACKGROUND

The South Thames Colleges Group Corporation has designated certain key personnel as Senior Post Holders (SPH) and the College's Instrument and Articles of Government provide that the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts are matters for the Corporation – Article 3 1(e).

The Terms of Reference (see Appendix 1) of the Remuneration Committee include the following provisions;

- 1) ensure that arrangements are in place for setting and reviewing objectives and performance targets for the Group Principal / CEO, Senior Post Holders and Head of Governance at the commencement of each period of remuneration, and determine the extent to which they have been achieved at the end of the period;
- 2) ensure that appropriate appraisal mechanisms are in place and have regard to annual appraisals;
- 3) review the pay of Senior Post Holders and the Head of Governance annually and regularly evaluate the specific remuneration packages of the Group Principal / CEO and other Senior Post Holders against:
  - performance compared with pre-established criteria
  - an appropriate peer group
- 4) ensure that Senior Post Holders are fairly rewarded for their individual contributions to the College's overall performance by considering the following component elements: -
  - basic salary
  - benefits in kind
  - annual bonus/performance related elements
  - pension provisions
  - the main terms and conditions in each senior post holder's service agreement, with particular reference to the notice provisions;
- 8) review on a continuing basis the Corporation's policy in relation to the remuneration of the Group Principal / CEO and other Senior Post Holders and the Head of Governance and shall make such policy publicly available.

The Corporation has adopted the AoC Colleges' Senior Staff Remuneration Code ('the AoC Code') and complies with the 'must' statements and has regard to the 'should' statements. The AoC Code includes the requirement that the college must publish a readily accessible annual statement, based on an annual report to its governing body. The purpose of this report is to address that requirement.

#### A) SENIOR POST HOLDERS

The roles designated as Senior Post Holders (SPH) and therefore within the remit of the Remuneration Committee are:

- Group Principal / CEO
- Deputy CEO
- Principal, Kingston College and South Thames College
- Principal, Carshalton College and Merton College
- Head of Governance

During part of 2022-23 the role of Principal, Carshalton College and Merton College has been covered by an interim appointee covering the absence of the postholder.

## **B) REMUNERATION POLICY**

In December 2017 the Corporation approved a payscale for Senior Post Holders which came into effect from 1 January 2018. The payscale was devised prior to the publication of the AoC Code but provides a process by which the College applies the Principles of the AoC Code including:

- setting a fair, appropriate and justifiable level of remuneration to attract and retain high performing staff;
- procedural fairness; and
- decision-making processes for SPH remuneration which are transparent and accountable.

The College Senior Post Holder Pay Structure is reviewed annually following a comprehensive externally produced Pay Review Report commissioned by the Remuneration Committee.

The Remuneration Committee elected to use the mid-point rate established through the benchmarking exercise completed by Hays to determine the salary rate for senior post holders from 1 January 2021.

In July 2023 the Corporation adopted a new written Senior Postholder Remuneration Policy. This sets out the College's previous Remuneration policy into a written policy combined with the government guidance on Senior Pay Controls which have applied to FE Colleges with effect from 1 May 2023 following the re-classification of Colleges into the public sector (on 29 November 2022.) In addition, the Policy includes giving the Remuneration Committee discretion to override formulaic outcomes -to allow the application of fairness to decision making on senior postholder remuneration.

## **C) CHOICE OF COMPARATOR COLLEGE(S)/ORGANISATION(S)**

To set the salary range for each role, the Committee annually commissions a benchmarking review by an external consultant to inform their recommendations tasking the consultant to focus on obtaining comparable data from:

- The best available benchmarks of remuneration components focusing on direct College Group peers as the core comparators;
- Recommendations on how benchmarks should be related to the Group by reference to sector, job size or otherwise

The benchmarking report for 2022-23 was obtained in October 2022. The scope of this was to focus on the best available benchmarks of remuneration components from direct College Group peers as the core comparators.

The Committee considered comparator data from slightly different sets of comparators for the separate senior postholder roles as detailed below.

### **Group Principal / Chief Executive Officer**

The Group Principal/CEO is responsible for the delivery of the Colleges' Vision, Strategic Plan, Business Plans and Quality Improvement Plans, as well as acting as Chief Accounting Officer for the Group. As Group Principal and Chief Executive of the Group the postholder is responsible for the management and leadership of the Group in accordance with its Articles and Instruments and the regulations that apply to the Group.

Mostly, the post has the responsibility for strategic leadership of the Group, clearly establishing its purpose, strategic direction, and capacity to integrate and improve the work of the four Colleges, in consultation with the Corporation, the effective functioning of the Group's joint structures and the accountability to the Governing Body for the success of the Group's Colleges, with reference to their quality improvement and business effectiveness. Furthermore, the individual is accountable for the delivery of a stable and robust platform on which the Colleges can develop new curricula, new ways of working and innovation that meets the needs of students, communities, and employers.

The review focused on other equivalent posts across colleges operating at scale in the UK. Overall, 11 data sets were obtained.

Job titles included: Chief Executive Officer, Chief Executive, and Group Principal.

## **Deputy CEO**

The Deputy Chief Executive is a member of the Group Principalship, this post has collective responsibility for the delivery of the College Vision, Strategic Plan and Objectives, as well as the Annual Operating Plan. They have the responsibility for leading on the development and implementation of a whole-Group approach to managing and overcoming risk, upkeeping resource management and reporting systems to ensure high standards and transparency in the use of resources across the Group, managing financial planning and management, including business planning, to ensure good or outstanding financial performance across the Group and developing financial reporting and accountability arrangements across the Group to ensure income and expenditure and effectively managed.

The post requires expert knowledge of financial systems, policies and regulation, both within and beyond the education sector and expert knowledge of risk management systems, policies and regulation, and significant experience and successful experience of developing monitoring and reporting systems to improve financial management.

The review focused on other equivalent posts across colleges operating at scale in the UK. Overall, 10 data sets were obtained.

Job titles included: Deputy Chief Executive and Executive Director of Finance and Corporate Resources.

## **College Principals**

Reporting directly to the Group Principal/CEO, the College Principal is a member of the Group Leadership Team, this post has collective responsibility for the delivery of the College Vision, Strategic Plan and Objectives, as well as the Annual Operating Plan.

The postholder is responsible for leading the College's local engagement strategy to ensure that it is responsive to the needs of its local area and stakeholders, being accountable for the impact of the College's curriculum and its quality, the College's use of resources and its ability to meet budget targets set within the overarching structures and processes of the Group, leading the development and delivery of the College's curriculum portfolio, securing sustainable growth and ensuring that it meets the needs of employers and learners in the region and promoting the continued drive for excellence in teaching, learning, support, achievement and student progression.

The review focused on other equivalent posts across colleges operating at scale in the UK. Overall, 10 data sets were obtained. The review was also asked to look for comparators where the postholder was college principal for two college campuses.

Job titles included: Principal and College Principal.

## **Head of Governance**

The Head of Governance reports to the Chair of Governors and supports the Corporation and its Committees and advises and organises the Governing Body to ensure Corporation proceedings are conducted in accordance with the relevant rules and regulations. The postholder provides advisory, strategic, and administrative support to the Chair, Corporation, and the CEO.

The Head of Governance plays an essential role in supporting the achievement of the College's vision, mission, and organisational goals, providing strategic support, analysis, and advice to the Chair, and developing and managing their internal and external profile. The post holder reports to the Chair on governance matters, and to the Group Principal/CEO on any executive or ad hoc projects. They have a close working relationship with the senior leadership team of the Group as well as with the Board of Governors. They are key to ensuring that the Chair and Governors are fully engaged with the Group's activities.

The review focused on other equivalent posts across colleges operating at scale in the UK. Overall, 8 data sets were obtained.

Job titles included: Head of Governance and Director of Governance

## **D) POLICY ON INCOME DERIVED FROM EXTERNAL ACTIVITIES**

The Group includes an exclusivity of service clause in its SPH employment contract, which requires an SPH to obtain express permission for additional external work (whether or not it is remunerated) from the Chair of the Corporation.

In March 2021 the Corporation approved a Policy on the Retention of Income from external activities which deals with the treatment of income from external activities by SPH and the circumstances in which they are entitled to retain this in addition to their remuneration. The Policy details the prior approval process before a senior post holder can undertake any employment or external activity and the process to determine whether a clear and justifiable rationale exists for the retention of any income associated with this work by the SPH.

There were no instances of remunerated external work by any senior postholders taking place during the period covered by this report.

## **E) PAY MULTIPLE OF THE GROUP PRINCIPAL / CEO AND THE MEDIAN EARNINGS OF THE INSTITUTION'S WHOLE WORKFORCE**

The CEO/Group Principal's remuneration as a multiple of the median basic pay of the total workforce was 6.6:1 as at 31 July 2023. The multiple reduces to 5.9:1 when the employer's pension contribution is included in the calculation of the median rate of the total workforce. The multiple has increased for both indicators from the figures calculated for 2021/22, when the CEO/Group Principal's remuneration as a multiple of the median basic pay of the total workforce was 6.4:1. The multiple based on the median rate inclusive of employer's pension contribution was 5.6:1.

Analysis of data taken from the Education and Skills Funding Agency's database of college finance records for the year ended 31 July 2022 established a ratio of 5.54:1 based on total emoluments and 5.24:1 based on basic pay.

## **F) TERMINATION PAYMENTS**

There were no termination payments to senior post holders during the period covered by this report.

## **G) SIGNIFICANT CHANGES DURING 2022- 2023**

There were no significant changes made during 2022-23

# APPENDIX 1

## TERMS OF REFERENCE REMUNERATION COMMITTEE

### 1. MEMBERSHIP

The Committee shall comprise a minimum of 3 Corporation Members. The Group Principal / CEO, staff and student members are ineligible for membership. The Chair of the Corporation is a member of the Committee. The membership is subject to the approval by the Corporation.

### 2. TERM OF APPOINTMENT

The members will serve on the Committee for the same period as their terms of office.

### 3. CHAIR

The Chair of the Committee shall be appointed by the Corporation. A Vice-Chair of the Committee will be agreed annually at the first meeting of the Committee. The Chair of the Corporation is ineligible to be appointed as Chair of the Remuneration Committee.

### 4. DUTIES

The Committee shall consider and advise the Corporation on the remuneration, appraisal, and other terms and conditions of Senior Postholders including the Head of Governance. In carrying out its duties the committee shall:

- 5) ensure that arrangements are in place for setting and reviewing objectives and performance targets for the Group Principal / CEO, Senior Postholders and Head of Governance at the commencement of each period of remuneration, and determine the extent to which they have been achieved at the end of the period;
- 6) ensure that appropriate appraisal mechanisms are in place and have regard to annual appraisals;
- 7) review the pay of Senior Postholders and the Head of Governance annually and regularly evaluate the specific remuneration packages of the Group Principal / CEO and other Senior Postholders against:
  - performance compared with pre-established criteria
  - an appropriate peer group
- 8) ensure that Senior Postholders are fairly rewarded for their individual contributions to the College's overall performance by considering the following component elements: -
  - basic salary
  - benefits in kind
  - annual bonus/performance related elements
  - pension provisions
  - the main terms and conditions in each senior postholder's service agreement, with particular reference to the notice provisions;
- 9) demonstrate to the public that the pay of Senior Postholders is recommended by a committee which has no personal interest in the outcome of its decisions and which gives due regard to the interest of the public and financial health of the College;
- 10) advise the Corporation on any compensation (including the augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the Group Principal / CEO or any other Senior Postholder with the broad aim of:
  - avoiding rewarding poor performance; and
  - dealing fairly with cases where early termination is not due to poor performance;
- 11) make such enquiries as it thinks fit and have regard, inter alia, to the Instruments and Articles of Government and such other relevant guidance as is available from time to time;
- 12) review on a continuing basis the Corporation's policy in relation to the remuneration of the Group Principal / CEO and other Senior Postholders and the Head of Governance and shall make such policy publicly available.

- 9) review and publish an Annual Remuneration report in compliance with The Colleges Senior Staff Remuneration Code.
- 5. ATTENDANCE AT MEETINGS**
- 5.1 The Group Principal / CEO may be invited to attend meetings of the Committee save where his/her remuneration package is being considered. The Committee may invite other Senior Postholders to attend meetings when necessary.
- 5.2 The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meetings).
- 5.3 Other Corporation Members shall also have a right of attendance save that the Committee may exclude staff and student members and any other Corporation Members who are employees of the College.
- 6. EXTERNAL ADVICE**
- The Committee may seek the services of such external advisors as they feel necessary to fulfil their responsibilities.
- 7. QUORUM**
- The quorum for meetings of the Committee shall be two Members.
- 8. FREQUENCY OF MEETINGS**
- The Remuneration Committee is to meet as directed by the Corporation or by the Committee Chair.
- 9. RECORDS OF MEETINGS**
- The Committee shall make arrangements for every meeting to be minuted, including a record of decisions.
- 10. PROCEDURAL RULES**
- The procedural rules of the Committee will be those which govern the proceedings of the Corporation and its Committees.
- 11. REPORTING PROCEDURES**
- The minutes of the meeting shall be circulated to Corporation Members except for staff and student members. The minutes shall set out all recommendations put forward by the Committee for consideration and approval by the Corporation.
- 12. AUTHORITY**
- The Committee is authorised by the Corporation to investigate any activity within its Terms of Reference, as set out in paragraph 4 of this document. It is authorised to seek any information it requires from any employees of the College and all employees of the College are directed to co-operate with any requests made by the Committee.

November 2022  
Next review November 2023