



The Colleges' Senior Post Holder Remuneration Code: Annual Statement to the Board for 2020-21

Introduction

This report is produced in accordance with the Colleges' Senior Post Holder Remuneration Code.¹ The 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 meet that requirement. The statement will be published on the College website for transparency and ease of access.

The RuTC Board adopted The Colleges' Senior Post Holder Remuneration Code at its meeting held on 18 March 2020. The Code was developed by the Association of Colleges Governors' Council and was published in December 2018.

The Committee introduced a Remuneration Policy for Senior Post Holders in September 2020 and an annual audit against the College's Senior Post Holder Remuneration Code (see item 11.1 for the audit) to comply in full with the Code.

1. Terms of Reference

The Board has a Search, Remuneration and Performance (SRP) Committee whose terms of reference are reviewed annually². Due to the proposed dissolution committee terms of reference were not reviewed in the summer term of 2021 and this has taken place during the autumn term (October-November 2021).

The Committee has the responsibility to make recommendations to the Board on the remuneration and benefits of the Principal/CEO and other senior post holders.

2. Committee membership

The following members served on the committee during 2020-21:

Membership:	Eligible to attend	Attended
Sue Kingman (Chair)	5	5

¹ <https://www.aoc.co.uk/funding-and-corporate-services/governance/governance-resources/colleges-senior-post-holder>

² <https://www.rutc.ac.uk/about-us/corporation/committees/governance,-search-and-renumeration-committee.html>

Ian Valvona	5	5
Andy Chew	5	3
Vincent Neate	5	5
Mike Sutcliffe	5	5
Jim Marshall	5	5
Attendees:		
Elaine McMahon (interim Principal and CEO) (until May 2021)	4	4
Jason Jones (acting Principal and CEO) (from June 2021)	1	1
Alison de Lord (Assistant Principal HR, OD & Estates)	5	5

The CEO is not a member of the Committee but may advise the Committee in relation to the performance of other senior post holders, particularly those who are directly accountable to the Principal. The SRP Committee is independent and in no circumstances can an individual be involved in deciding his or her own remuneration.

3. Committee meetings

The following meetings took place during 2020-21: - 22 September 2020, 17 November 2020, 3 February 2021, 18 March 2021, 13 July 2021. To date in 2021-22 one meeting has taken place on the 10 November 2021.

The Committee has a cycle of business for the year which is approved by the Board. Items of business conducted were:

- FEC led Structure and Prospects appraisal (SPA) and preparing for merger:
 - SPA outcome and next steps for governance
 - Merger work stream plan for governance and board improvement. Governor appointments post-merger
 - Post-merger management and senior post holder structure and staff terms and conditions
 - Merger pause and next steps for governance
- Policies – Governor recruitment and succession planning policy, Governor expenses policy, Remuneration policy for senior post holders, Disciplinary procedure for senior post holders, Grievance procedure for senior post holders
- Membership and succession planning with the appointment of two new independent governors (Rosemary Scully to the Audit and Risk Committee in December 2020 and John Anderson as Chair of Finance and Resources Committee in August 2021)
- Self-assessment processes for the Board

- Performance of senior post holders and objective setting and midyear reviews
- Appointment of acting Principal & CEO
- Value for money report on senior interim roles
- Extension of interim VP Finance role and interim governance advisor role to support the College merger process
- Pay award for staff
- Freedom of information report
- Audit against the AoC Code of Good governance for English Colleges and Colleges' Senior Post Holder Remuneration Code
- Governor activity and Board development programme
- Review of the effectiveness of the Committee
- Internal audit report on governance

Apart from the change of Principal and CEO role and a reduction in salary, remuneration packages of the current SPHs remain unchanged during 2020-21.

4. Senior post holders

The Instrument and Articles of Government of RuTC FE Corporation defines a “senior post” as meaning the post of *“Principal (Chief Executive) and such other senior posts as the Corporation may decide for the purposes of these Articles”*.

The roles designated as senior post holders (SPH) and therefore within the remit of the SRP Committee are:

- CEO and Principal (currently acting)
- Vice Principal Finance (currently interim)
- Executive Director Business Development and Innovation
- Director of Governance and Clerk to the Corporation (currently interim)
- The Deputy Principal (Curriculum and Quality) – this role was moved to an interim role in the summer term following the current post holder moving to the role of acting CEO and Principal

5. Principles for deciding senior post holder pay

Decisions made in relation to senior post holder remuneration ensure a balance between recruiting and retaining the best staff, delivering the best outcomes for students and ensuring that College resources are used efficiently and effectively.

The SRP Committee approved a Remuneration Policy for Senior Post Holders in full consideration of the Association of Colleges' Senior Post Holder Remuneration Code¹ which provides a set of principles to be applied when considering senior post holder pay and conditions and a procedure to support the making of such decisions.

The Board is responsible for ensuring that senior post holders receive fair, appropriate and justifiable levels of remuneration that recognise:

- a. individuals' contributions to the College's success; and
- b. the need to recruit, retain and motivate post holders of the appropriate calibre;
- c. whilst also ensuring that the College demonstrates value for money.

The Board applies the following principles when making decisions relating to senior post holder remuneration:

a. The Value of the Role: Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to the College's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources. The value of different senior posts may vary in a number of ways, including the complexity of the role, accountability, levels of discretion in relation to decision making and the impact that the role has on students, employees and other stakeholders, as well as the financial sustainability of the College. Consideration should also be given to the knowledge, specialist skills and experience and professional credibility required.

b. Performance in Support of Strategic Objectives: An assessment of performance in relation to senior post holders' objectives should be considered, with reference to the College's key performance indicators. There must be a robust and consistent process for setting objectives and assessing progress, to ensure that post holders are clear as to what is expected of them by the Board. This should include the definition of what is considered to be 'normal' and 'exceptional' performance.

c. Market Factors: In considering the value of each role, due attention should be taken of market rates for comparable roles within the sector, including factors such as location, size and complexity of the College. It is important that salaries remain competitive with comparable roles within the sector if the College is to recruit and retain the highest quality College leaders.

d. Affordability: Any changes in remuneration for post holders must take into account the College's overall financial position.

e. Public Context: The Board is publicly accountable and therefore must ensure transparency in relation to the setting of senior post holder remuneration whilst being considerate of public consciousness, when doing so. This should include considering the College's approach to rewarding all its staff and how senior post holders' remuneration, and any proposed increases, compare with the College workforce as a whole (median average earnings) and the impact of any proposed changes.

f. Parity and fairness: The Board must consider matters of equality and inclusion to ensure that there are no biases pertaining to any protected characteristics in the setting of pay.

Relevant benchmarking data, obtained from the Association of Colleges and other relevant sources, will also be used to enable external comparison.

At the beginning of each academic year, the Principal will agree objectives with other members of the Executive Team with reference to specific key performance indicators where appropriate. Objectives will reference what is expected and what will be considered exceptional performance. The Principal's objectives are set by the Board Chair in the same way. The Head of Governance's objectives are set in the same way by the Chair.

The SRP Committee will decide on the appropriate remuneration for each senior post, based on the value of and market rate for the role, and having due regard to the overall financial position of the College and any overall staff pay award. This will be reflected in the consolidated salary for the role. The College does not expect to make special recruitment arrangements outside the standard policy but may do so in exceptional circumstances in order to secure the appointment of the right candidate.

Information relating to the remuneration of senior post holders will be published in accordance with the Association of Colleges' Senior Post Holder Remuneration Code.

Severance Payments

The Board will comply with the Association of Colleges' Senior Post Holder Remuneration Code in relation to the treatment of severance payments. Any severance payment made by the College to a senior post holder must be reasonable, appropriate and justifiable. Where severance payments are under consideration, advice should be taken from the external auditor to ascertain the legitimacy of any proposed payment. In line with the College Financial Memorandum, the Board must draw any such payments to the attention of the College's regularity auditor.

Equality Analysis

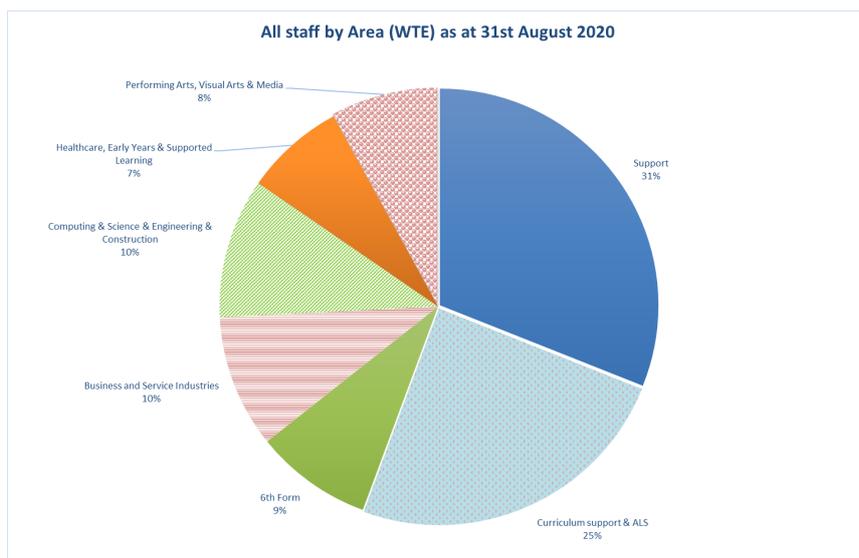
By virtue of the provisions of the Equality Act 2010, the Board has a duty to have due regard to the need to:

- a. eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- b. advance equality of opportunity between people of different groups;
- c. foster good relations between people from different groups.

6. College's key strategic objectives, outcomes and main performance indicators

The College's performance in 2020-21 is detailed in the College's Self-Assessment Report.

The Board annually sets key performance indicators for the year which the Board and Committees use to measure performance and distance travelled towards the strategic objectives. The performance of all staff of the College is reviewed in accordance with HR policies. The Board receives an Annual Workforce Composition Report which gives a summary of turnover, demographic composition, staffing levels, employee relation statistics, sickness absence and recruitment statistics for the previous year. The College employs 246 staff (excluding casual staff) with a ratio of 46.6% of teachers. See below for breakdown of staff.



7. Income derived from external activities

The Board recognises that it is important that staff represent the College on various bodies and boards and carry out academic and civic responsibilities at other organisations e.g. non-executive director roles. Senior Post Holders must disclose and explain any income derived from any such activity that generates additional income for the individual from the external body. There were no instances of remunerated external work taking place at the time of the meeting. In the event of a senior post holder requesting approval of external work, the SRP chair would consult with the Chair of the Board and with fellow members of the Committee to determine how much, if any, of the additional remuneration the senior post holder would be permitted to retain and the grounds for this. This decision would be recorded in the minutes of the next meeting of the Committee.

8. Ratio to lowest full-time equivalent salary

When considering the remuneration of senior post holders, the Board considers the ratio of the lowest full-time equivalent salary paid to a member of staff to the salaries paid to the senior post holders.

The College's definition of its lowest full-time equivalent salary in 2020-21 was support scale 3 which is £19,113 - £20,292. The lowest paid posts are part time supported learning advocates. Based on this figure, the ratio for the College's CEO's salary is 1:5.92 compared to 1:6.14 in 2019-20 with an interim Principal and CEO.

Ratio to median pay of all employees - In addition, in accordance with the Code, the Board is required to disclose the relationship between the CEO's emoluments and that of all other employees as a pay multiple, expressed as follows: - CEO's basic salary divided by the median pay of all other employees (all on a full-time equivalent basis). The College's median pay for all other employees in 2020-21 was £33,415 (as at 17 August 2021) compared to 2019-2020 at £26,313 per annum. The Fair Pay Review published in the Hutton Report³ for the public sector noted that it would not be fair or wise to impose a single maximum pay multiple across the public sector, but that there is real merit in disclosing how executive's remuneration relates to the pay of their wider workforces. The

recommendation in the Hutton Report is to provide a multiple statement demonstrating the percentage of change, ratio and justification annually. In the previous year due to the College's reliance on interim roles this would not have added value but should be included going forward with substantive posts. The College's pay multiple based on the College's CEO's basic salary is 1:3.39 compared to 1:4.56 and based on the CEO's total emoluments is 1.5.42 in 2019-20.

9. Ratio to lowest full-time equivalent salary

The interim Principal and CEO does not serve on any external bodies or boards, with the exception of being a Director of RuTC Trading Services.

All expenses paid to senior post holders are solely in reimbursement of expenses incurred in the furtherance of the business of the College and comply with the College's financial regulations and Gifts and Hospitality Policy. There were no expenses reimbursed to the Interim Principal and CEOs in 2020-21, although Dr Elaine McMahon's expenses were included in her salary package.

10. Explanation of any significant changes

In June 2021 there was a change of one senior postholder from an interim Principal and CEO to an acting Principal and CEO. In order to backfill the Deputy Principal Curriculum and Quality roll following this appointment the College appointed a consultant Quality and Curriculum lead. This post is not a senior post holder but attends Board and committee meetings.

In December 2020 the Board appointed an independent governor and member of the Audit and Risk Committee to bring capacity and expertise on the committee.

In August 2021 the Board appointed an independent governor and Chair of the Finance and Resources Committee to replace the Chair role and to bring capacity and expertise to the finance and capital development areas.

The policies in respect of senior post holder remuneration reflect the circumstances of the College and the financial challenges it faces, consistent with the need to recruit high calibre staff required to achieve the College's recovery plan.