

REMUNERATION COMMITTEE

ANNUAL REPORT ON SENIOR POST HOLDERS' REMUNERATION

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
- Principal, Carshalton and Merton Colleges
- Principal, South Thames College
- Head of Governance

From August 2022 the number of roles designated as SPHs has dropped by one as the roles of Principal of Kingston College and South Thames College have been combined.

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.

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 2021-22 was obtained in September 2021. 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/Chief Executive Officer is a member of the College Principalship, with lead responsibility 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. Running a College Group is a demanding role with the responsibilities becoming more akin to a Managing Director/Chief Executive.

As the Group's Chief Accounting Officer, the postholder is responsible for the management and leadership of the Group. This is the strategic lead of the Group, establishing its purpose, strategic direction and capacity to integrate and improve the work of the merged Colleges. The focus of the role is outward facing, driving the external agenda, stakeholder engagement and partnership development with other Colleges, Local

Authorities and businesses. In addition, it looks to develop and ensure the delivery of a stable and robust platform in which the Colleges can develop new curricula, new ways of working and innovation that meets the needs of the students, communities and employers that it serves.

The review focused on identifying Chief Executives across the sample, where 22 data sets were obtained focusing on other College Groups in London, the South and some larger entities in the North. Organisations included; the Capital City College Group, Newcastle College Group, New City College, Newham College London, United Colleges Group, Croydon College, HCUC, Barnet Southgate College, Bedford College Group, Chichester College, South Essex College, East Sussex College Group, East Kent College Group, Bridgewater and Taunton College, Cornwall College Group, South and City College Birmingham, Ealing, Hammersmith and West London College, Activate Learning, Hull College Group and Leeds City College.

Deputy CEO

The Deputy Chief Executive is a broad role, covering all the corporate service functions, including Finance, HR, IT, Facilities and Management Information. Reporting to the Chief Executive and as a member of the Group Principalship, the role has a collective responsibility for the delivery of the College Vision, Strategic Plan and Objectives, as well as the Annual Operating Plan.

The review focused on identifying broad Executive Directors of Corporate Services which included leading the financial direction of an organisation across the College Groups. 10 data sets were obtained in total. Organisations included: Capital City College Group, London South East Colleges, New City College, Newcastle College Group, East Kent Colleges and East Sussex College Group.

Job titles included; Deputy Chief Executive Officer, Group Director of Finance and Chief Financial Officer.

College Principals

The College Principal role is an autonomous role overseeing the strategic and operational leadership, performance and delivery of the individual College Vision, Strategic Plan and Objectives, as well as the Annual Operating Plan. This college-based structure sees College Principals that oversee the performance of the individual Colleges.

Since the merger of the colleges, each Principal has a group responsibility, such as student services, marketing, quality assurance and apprenticeships for example, as well as providing input into the strategic development for the overarching group.

The review focused on identifying other College Principals from the direct College Group sample, particularly those that have a similar structure. Singular College structures were also evaluated where deemed appropriate, but with consideration for the wider statutory requirements. 11 data sets were gathered in total to formulate a robust sample comparator group. Organisations included: Capital City College Group, DN Colleges Group, Chichester College, Newcastle College Group, South Essex College, SK College Group, Bedford College Group, Barnet Southgate College and New City College amongst others.

Head of Governance

The Head of Governance supports the Corporation and its Committees, advising and organising the Governing Body to ensure corporation proceedings are conducted in accordance with the relevant rules and regulations. The Head of Governance provides advisory, strategic and administrative support to the Chair, Corporation and the CEO and 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 Head of Governance is key to ensuring that the Chair and Governors are fully engaged with the Group's activities. The post holder operates within the College's Senior Leadership Team and reports to the Chair of Governors.

The review focused on identifying governance leads across the sample, where 14 data sets were obtained. Job titles included; Head of Governance and Compliance, Head of Governance and Company Secretary, Director of Governance, Head of Quality & Governance, Head of Policy & Governance, Director of

Governance & Policy and Group Director of Governance. Comparators included: East Kent Colleges, United College Group, Chichester College Group, Capital City College Group, South Essex College and Highbury College amongst others.

The salary ranges recommended by this External Pay Review Report were guides for the Committee to determine an appropriate spot point, having regard to the context of the College as well as the performance of the individual role holder as determined through the appraisal process.

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 pay as a multiple of the median basic pay of the total workforce was 6.4:1 as at 31 July 2022. The multiple reduces to 5.6:1 when the employer pension contribution is included in the calculation of the median rate of the total workforce.

Analysis of data taken from the Education and Skills Funding Agency's database of college finance records for the year ended 31 July 2021 established a ratio of 5.44:1 based on total emoluments and 5.18:1 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 2021- 2022

There were no significant changes made during 2021-22

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 2021

Next review November 2022