

Preston's College - Senior Post Holder Remuneration Annual Statement – 2019/20 Dated 10th December 2020

This statement is based on the annual report to the Board considered on 10th December 2020.

Adoption of the AoC Colleges Senior Post Holder Remuneration Code

The Corporation Board adopted the Association of Colleges (AoC) Senior Post Holder Remuneration Code Senior in December 2019 to be implemented during 2019/20. Prior to this SPH remuneration and performance had been reviewed at a meeting of independent members of the Resources Committee. The Resources Committee then made recommendations to the Board.

Corporation's Senior Post Holders

The Corporation has designated three posts in the organisational structure as Senior Post Holders. The designated Senior Post Holders during 2019/20:

Dr Lis Smith - Principal and Chief Executive

Mr Simon Nixon – Executive Director of Resources

Mrs Clare Rayner – Clerk to the Board.

Formation of the Senior Post Holder Remuneration Committee and current membership

The College's Senior Post Holder (SPH) Remuneration Committee was formed in June 2020, following Board approval of the Remuneration Committee membership and SPH Remuneration Committee Terms of Reference.

The SPH Remuneration Committee's remit is to advise the Board in respect of:

- the remuneration and conditions of service of the Principal/Chief Executive and other Senior Post Holders;
- policies relating to Senior Post Holder remuneration;
- the annual statement on Senior Post Holder remuneration;
- review of reports relating to Senior Post Holder remuneration and performance.

The membership of the Committee is: The Chair of the Corporation, the Vice Chair of the Corporation, the Chair of the Resources Committee and three other independent governors. The current membership is:

Mr John Boydell - Chair of the Corporation

Ms Leanne Hornsby - Vice Chair of the Corporation

Mr Jeff Taylor - Chair of the Resources Committee

Mr Steve Browne

Martin Collard

Cllr Jennifer Mein

Mr Steve Browne was appointed as Chair of the SPH Remuneration Committee in June 2020.

In 2019/20 the SPH Remuneration Committee met on one occasion. All members attended.

Board's Approach to SPH Remuneration – Policy and Procedure

The Corporation Board is responsible under the Instrument and Articles of Government for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of designated senior posts.

The Board's approach to SPH remuneration should ensure a fair, appropriate and justifiable level of remuneration.

The Resources Committee considers the application of a cost of living pay increase on an annual basis for all staff, including Senior Post Holders, and makes a recommendation to the Board. Any such consideration takes into account the AoC recommended pay award and affordability within the College financial constraints.

The Board approved a Pay Principles Policy for Senior Post Holders at its meeting on 9 July 2020 which states that the College:

- is committed to ensuring and maintaining fair pay principles.
- will take into consideration its responsibility as a public body operating through public funds, when making decisions relating to pay and benefits of Senior Post Holders to ensure that they are fair, transparent and value for money.
- as an employer will ensure that the principles applied to Senior Post Holders reflect those the Board has adopted for staff other than Senior Post Holders.
- in agreeing the salary rate for Senior Post Holders, will be mindful of the principles contained in the AoC document "*The Colleges' Senior Post Holder Remuneration Code.*"
- ensures that the principle of equal pay for equal value underpins the operation of this Pay Principles Policy for Senior Post Holders.

The Pay Principles Policy for Senior Post Holders outlines the following procedure:

- the Remuneration Committee shall carry out an annual review of remuneration for all Senior Post Holders against relevant benchmarking data to ensure the salaries offered reflect market values for the occupational areas of expertise.
- the Committee shall seek advice on appropriate salary benchmarking information to ensure the remuneration package is sufficient to attract and retain the right candidature for the role; and provides value for money.
- the AOC provides annual salary information to enable external benchmarking comparisons to be made. This information includes recognition of the College income i.e. an indicator of the size of the College business, the leadership tier at which the role operates and also recognition of regional market value differences.
- the Committee will review Senior Post Holders remuneration in the last cycle of the Governance year, and will determine whether or not to recommend to the Board an increase in remuneration bring the salary of the Senior Post Holder in line with market values and other relevant factors.
- the SPH Remuneration Committee will review Senior Post Holders remuneration in the last cycle of the Governance year, and will determine whether or not to recommend to the Board an increase in remuneration bring the salary of the Senior Post Holder in line with market values and other relevant factors.

The Committee and the Clerk to the Board have access to the advice of the Head of Human Resources and access to independent advice if required.

The SPH Remuneration Committee make recommendations to the Board. Any pay award or changes to terms and conditions agreed will usually take effect from 1 September of that year in line with the pay progression cycle for non SPH staff.

Minutes of the SPH Remuneration Committee are considered by the Board.

SPH Salary Review

In March 2020 the Board approved a 1% pay award for all staff, including SPHs. The pay award took effect from 1 April 2020.

In June 2020, the SPH Remuneration Committee completed a salary review for all SPHs and made recommendations to the Board.

The Committee reviewed external SPH benchmarking data for the College income bracket using external benchmarking data commissioned by AoC and provided by RCU, a local company that specialises in FE data. The SPH Remuneration Committee also noted the eligibility of the College Management Team for pay progression from 1 September 2020.

Income Derived from Internal and External Activities

The Pay Principles Policy for Senior Post Holders includes reference to the Corporation policy on SPH Income Derived from Internal and External Activities:

- Senior Post Holders may be required to perform services for any Subsidiary of the Corporation. Any such office will normally be without further remuneration, although any expenses reasonably incurred will be payable provided evidence of such expenditure is submitted. In exceptional circumstance, the Remuneration Committee may be asked to consider recommending to the Board payment of an honoraria or ex-gratia payment for service to a Subsidiary.
- The contract of employment for Senior Post Holders requires that it is an exclusive service, with the exception of a declaration of a holding of not more than 5% of any securities in a company which is quoted on a recognised Stock Exchange.
- Senior Post Holders may from time to time be asked or seek to become involved in other businesses to benefit either their professional development or that of the College. Any such undertaking will only be permitted with a resolution of the Board; and any remuneration associated with the office will become income to the College.
- Reasonably incurred expenses may be retained or claimed from the College where the arrangement has been deemed to be in the College interest.
- In exceptional circumstances or where the Senior Post Holder is not employed on a full-time basis, the Board may be asked to consider a Senior Post Holder retaining some or all of the income on a personal basis.

There were no external activities undertaken by Senior Post Holders during 2019/20 for which senior post holders received income.

Principal and Chief Executive Earnings for 2019/20

Year	Salary	Principal's basic salary as a multiple of the median of all staff
2018/19	138	5.73
2019/20	139*	5.56

*During 2019/20 the Board approved a total of three additional consolidated days leave in lieu of: the annual pay award in 2020 and a salary increase agreed in in July 2019 which would have taken effect in the 2019/20 academic year. If three days of annual consolidated annual leave had not been approved by the Board the salary of the Principal and Chief Executive would have been £141,400 as of June 2020. The Committee's salary benchmarking in June 2020 was based on this figure.

This statement was approved for publication by the Board on 10th December 2020. If you have any queries on this statement please contact Clare Rayner, Clerk to the Board crayner@preston.ac.uk