



Preston College - Senior Post Holder Remuneration Committee

Annual Statement - 2021/22

This statement is based on the annual report to the Board considered on 15 December 2022.

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. The Code was first implemented during 2019/20.

Corporation's Senior Post Holders

The Corporation has designated three posts on the organisational structure as Senior Post Holders. The designated Senior Post Holders for 2021/22 were:

Mrs Louise Doswell - Principal and Chief Executive – until 1 July 2022

Mr Simon Nixon - Executive Director of Resources until 10 July 2022 and Interim Principal and Chief Executive from 11 July 2022

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 Steve Browne - Chair of the Senior Post Holder Remuneration Committee

Mr John Boydell - Chair of the Corporation

Mrs Lynda Mason - Vice Chair of the Corporation

Mr Edwards was a member until 17 March 2022 when he resigned from the Board.
The Committee has three vacancies.

Committee Attendance

In 2021/22 the SPH Remuneration Committee met on three occasions: 25 November 2021, 10 March 2022 and 28 June 2022.

SPH REMUNERATION COMMITTEE

2021/22	Total	Out of a possible
S Browne (Chair)	3	3
J Boydell	3	3
S Edwards	1	2
L Mason	3	3

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 made in respect of a cost-of-living increase is normally payable from 1 August. Any increase in pay agreed as a consequence of the annual salary review will usually take effect from 1st 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 June 2022 the SPH Remuneration Committee completed a salary review for the Principal and Chief Executive, Executive Director of Resources and the Clerk 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 noted that the Resources Committee had recommended that Senior Post Holders should receive a 3% pay increase as part of its recommendations to the Board on the staff pay award.

The SPH Remuneration Committee noted the notional salaries of the Principal and Chief Executive, Executive Director of Resources and the Clerk if a 3% pay increase was applied and benchmarked this salary.

Following salary review and review of benchmarking for the Executive Director of Resources, the SPH Remuneration Committee recommended that the current salary was maintained.

Following salary review and review of benchmarking for the Clerk, the SPH Remuneration Committee recommended that the current salary was maintained.

At its meeting on 7 July 2022 the Board approved a 3% pay award for SPHs. The pay award took effect from 1 April 2022. The recommendation that the current salaries of SPHs (with the 3% increase agreed) should be maintained was also approved.

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 2021/22 for which senior post holders received income.

Principal and Chief Executive Earnings for 2021/22

	2022	2021
Principal's basic salary as a multiple of the median of all staff	4.93	5.39
Principal's total remuneration as a multiple of the median of all staff	5.25	5.27