

Preston College - Senior Post Holder Remuneration Committee

Annual Statement - 2022/23

This statement is based on the annual report to the Board considered on 14 December 2023.

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 2022/23 were:

Mr Simon Nixon - Interim Principal and Chief Executive from 11 July 2022 and appointed as Principal and Chief Executive on 25 April 2023.

Mrs Clare Rayner - Clerk to the Board.

Vacant – Executive Director Resources vacated temporarily 11 July 2022 and permanently removed from the staffing structure on 29 June 2023.

Mrs Karen Dunmore – Vice Principal Finance with effect from mid-January 2024

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

Mrs Joanne Jones - Chair of Resources Committee – joined the SPH Remuneration Committee on 4 May 2023.

The Committee has two vacancies.

Committee Attendance

In 2022/23 the SPH Remuneration Committee met on two occasions: 13 October 2022 and 20 June 2023. Committee attendance for 2022/23 is shown in the table below.

2022/23	Total	Of a possible
Steve Browne	2	2
John Boydell	2	2
Jo Jones	1	1
Lynda Mason	2	2

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 (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 ie 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.

Following consultation with the Committee, the Board approved the following changes to the Pay Principles Policy for SPHs on 15 December 2022:

- the policy owner, was changed from the Search and Governance Committee to the SPH Remuneration Committee;
- inclusion of the word national in paragraph 16 to reflect that national and regional benchmarking data is made available;
- the change of the pay award date to the national date of 1 August in line with the AoC Recommended pay award date, and with the Pay Principles Policy for staff other than SPHs with effect from 1 August 2022;
- paragraph 26 extended to clarify that the date for implementing any SPH pay review increase is in line with the pay progression date for staff other than SPHs;
- clarify that the capping of additional annual leave only applies to annual leave awarded on a consolidated basis;
- paragraph 34 extended to illustrate the circumstances when the SPH Remuneration Committee may consider recommending to Board the payment of an honoraria or ex-gratia payment;
- additional words added to paragraph 40 to clarify that the inclusion of a severance payment based on a redundancy payment calculation is optional depending on the circumstances for reaching a settlement agreement.

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 2023 the SPH Remuneration Committee completed a salary review for the Principal and Chief Executive 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.

SPHs received the pay awards awarded to staff during 2022/23: 3% pay award from 1 August 2022 and 2% pay award from 1 April 2023.

The SPH Remuneration Committee noted that the Resources Committee had recommended that staff, including SPHs, should receive a 3% pay increase as part of its recommendations to the Board on the staff pay award and, if approved by the Board, this would be payable from 1 August 2023.

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

Following salary review and review of benchmarking data for the Principal and Chief Executive of Resources, the SPH Remuneration Committee recommended that the salary should be increased to £145,244 (the median) to take effect from 1 July 2023.

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

At its meeting on 29 June 2023 the Board approved 3% pay award for SPHs, subject to negotiations with unions, which would take effect from 1 August 2023. The recommendations of the Committee regarding the review of salaries of the Principal and Chief Executive and the Clerk were also approved. The Board agreed consideration should be given to providing the Clerk with financial support for further qualifications should the Clerk wish to take advantage of such support.

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 circumstances, 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 2022/23

	2023	2022	2021
Principal's basic salary as a multiple of the median of all staff.	4.83	4.93	5.39
Principal's total remuneration as a multiple of the median of all staff.	4.84	5.25	5.27

Compliance with the Association of Colleges Senior Post Holder Remuneration Code

The Committee is satisfied that the College is fully compliant with the AoC Senior Post Holder Remuneration Code.

This statement is an explanation of the College's decision not to adopt the Council of University Chairs' (CUC) Higher Education Senior Staff Remuneration Code and instead adopt AoC's Senior Post Holder Remuneration Code (SPHRC).

The Board complies with AoC's SPHRC because:

- both codes cover the same areas and require College leadership to implement similar assurance and compliance measures;

- both have been designed to provide transparency and protect institutional and sector reputation by demonstrating stewardship and leadership in relation to remuneration within their institutions;
- AoC's SPHRC has been designed to be more directly relevant to the circumstances of the colleges;
- AoC's SPHRC is also identified in ESFA's 2022/23 accounts direction as suitable for adoption.