

Annual Report of the Remuneration Committee 2018/19

1. Introduction

The Remuneration Committee conducted its business during 2018/19 in accordance with the guidance issued by the Committee of University Chairs' (CUC) HE Senior Staff *Remuneration Code*

This report outlines the Committee's approach and the decisions reached in over the course of the 2018/19 academic (including the meeting held on 14 October 2019). The report was considered discussed [and approved] at a meeting of the College's Board of Governors held on 23 January 2020.

2. Remit and Membership

The Committee has responsibility for all matters relating to the remuneration of the Principal, the Vice Principal and the Director of Finance and Operations. The remuneration of other key senior staff may also be referred to the Committee for consideration. In addition, the Committee can review the College's approach to the management of pay for those who fall outside the national framework for pay bargaining in higher education (Professors and Senior Administrative staff). The Committee receives reports on the number of staff whose pay exceeds £100,000 and approves any payment made on the departure from the College of a member of staff earning more than £100,000.

The membership for the 2018/19 academic year has been as follows:

-6 September 2018: Colin Campbell (Chair), Don Massey, Monisha Shah, Dianne Willcocks (External Member)

-14 October 2019 (to deal with matters from 2018/19): Jennifer Sims (Chair), Don Massey, Monisha Shah, Colin Campbell (External Member)

3. Terms of Reference

For 2018/19 the precise terms of reference were as follows:

Terms of Reference

Within the framework of the Articles of Government of Rose Bruford College, the Remuneration Committee to be responsible to the Board of Governors for:

1. Determining and approving the individual pay and conditions of employment of the Principal and other senior post holders whose contract provides for an annual review by this committee. Any such determination shall be within the financial ability of the college.
2. Determining and approving the individual pay and conditions of employment of any other senior post holders who are not covered by other national or local agreements.
3. Considering and deciding upon the terms of any severance or early retirement arrangements for the Principal and senior post holders.
4. Considering and deciding upon succession arrangements for the employees at 1 above including making proposals to the board for any recruitment arrangements.

5. The appointment panel for the Principal will be comprised of no less than 4 people, of which at least 3 must be independent governors, specifically drawn from amongst those who chair sub-committees of the board. The Panel chair, who shall be the Chair of the Board of Governors, may also invite two external independent persons, one of which will be from the sector, to be full members of the appointment board. In the case of appointments of other senior post holders than the Principal, the Principal will be a full member of the panel.
6. Undertaking such other tasks which are reasonably consistent with the above as may be referred to the Committee by the Board of Governors.

The Remuneration Committee will report annually to the Board of Governors and, as necessary, to provide for, inclusion in the annual accounts, a brief report covering the remuneration policy for employees at 1 above and compliance with any applicable code of best practice or guidance for the sector.

The Remuneration Committee shall, to assist in its deliberations, have access to any available comparative information relating to other institutions in the Higher Education Sector, including but not limited to UCEA comparative data.

-Composition

1. The Chair of the Board of Governors,
2. The Committee Chair, being an independent Governor appointed by the Board of Governors
3. Two independent Governors appointed by the Board of Governors
4. At the determination of the Board of Governors, an external voting member.
5. By invitation, the Director of Human Resources (non-voting)

The Remuneration Committee will be served by the college Secretary to the Board who will circulate the agenda and papers for meetings. An officer, designated by the chair of RemCom, will prepare minutes of all meetings. The Principal and, if present, any other senior post holders, will withdraw from the meeting while their pay and conditions are being discussed. The minute taker shall withdraw if requested by the Committee Chair.

-Quorum

The quorum for meetings shall be three members, one of whom shall be the Committee Chair and another the Chair of Board of Governors.

-Frequency of meetings

The Remuneration Committee will normally meet to undertake an annual review of senior post holders' performance, pay and conditions. Other meetings at the discretion of the Committee Chair.

-Reporting Arrangements

A copy of the minutes and decisions of all meetings will be lodged, under confidential cover, with the Secretary to the Board of Governors. The Secretary will be responsible for holding a complete record of minutes and decisions for the purposes of internal and/or external scrutiny/audit, as authorised by the Board of

Governors. A summary of key decisions arising from meetings of the Committee will be reported to the Board of Governors. Minutes will record the reasons for key decisions.

-Principal's Annual Report

The Remuneration Committee will receive and consider a confidential annual report, prepared by the Principal, on the performance of the senior post holders as related to their performance objectives for the 12-month period under review.

-Review

The review process occurs on an annual basis and pay, and conditions are not normally reviewed in the period between meetings. However, the Principal and other senior post holders can in exceptional circumstances write at any time to the Chair of the Remuneration Committee requesting a review of their pay and conditions. Upon receipt of such a request the Chair will seek advice, as appropriate and may call a special meeting of the Remuneration Committee to consider the matter, or may defer the matter to the committee's next scheduled meeting.

Note-The terms of reference were approved by the Board of Governors at its meeting in November 2017.

4. Remuneration of the Principal: The Principles and Process

The Principal is not a member of the Remuneration Committee. She attends by invitation, if appropriate, to provide details of the performance reviews of her direct reports whose remuneration is agreed by the Committee.

The Committee agrees annually the performance criteria against which the performance of the Principal will be reviewed. These criteria will typically include a series of objectives related to the strategic performance and development of the College and may also include a number of personal objectives, in the form of a formal annual appraisal. Different weightings will be attached to these objectives dependent on views about relative priorities.

The Principal reports to the Chair of the Board of Governors who assesses how these criteria have been met and makes a recommendation annually to the Committee. In considering the Chair's recommendation the Committee will also take into account:

- Any guidance on senior staff pay issued by the Committee of University Chairs and the Office for Students;
- informal consultation, the views of all members of the Board, including student members, about the Principal's performance and pay.
- the current remuneration of senior staff in institutions of a similar size and standing;
- guidance from the Office for Students Accounts Direction, which requires the calculation of the pay multiple. The pay multiple must be expressed as the full-time equivalent of the Principal's remuneration divided by the median pay of all employees of the College (also calculated on a full-time equivalent basis).

Having received and approved a recommendation from the Chair of the Board of Governors about overall performance, the Committee recommends how that should be rewarded.

5. Principal's External appointments and expenses

The Principal is required to submit details of all external appointments to the Committee for approval and complete the annual Declaration of Interests.

The Chair of the Board of Governors approves all holidays and reviews all expenses before agreeing that they should be paid. The Chair of Governors is informed of all College-related travel undertaken by the Principal, and approves all expenses related to such travel in line with the College Expenses policy.

6. Remuneration Decisions for 2019/20

The Committee will continue to monitor its progress on compliance with the CUC Code of Governance in respect of remuneration committees.

The Committee will consider the impact of its decisions on pay equality in taking decisions about senior remuneration the Remuneration. Given the size of the College and the number of staff overseen by the Committee this is likely to be a limited exercise, but the figures will be reviewed annually and adjustments will be made if necessary.

The Remuneration Committee will also receive an annual review of pay equality in the College. The College recognises it is legally bound to make gender pay reports and its gender pay report will be reviewed annually by the Committee for subsequent presentation to the Board of Governors prior to publication.

6.1. National Pay Award

While there is no contractual entitlement for any member of staff covered by the Remuneration Committee to receive the national pay uplift in Higher Education, it has been the practice in the past to apply the general salary uplift to this group. This decision will remain subject to annual review.

6.2. External perspectives received by the Committee

The Committee took account of guidance from the Council of University Chairs (CUC) and the Office for Students through the form of reports and circulars, as well as benchmark pay information relevant to the roles within its remit. Independent external pay benchmarking was achieved using external sources including the CUC Vice-Chancellor Salary Survey and the Universities and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey. The Committee considered externally sourced information as well as internal analysis of pay relativities, including gender pay. This external perspective allows the Committee to take account of remuneration for key senior roles in both comparable institutions and the sector as a whole.

6.3. Equality considerations

There were no instances within the scope of the Committee's work where there was a gender-related difference in salary for roles of the same type.

6.4. Severance arrangements

During the period covered by this report the Committee was not asked to consider any such arrangement.

6.5. Principal's Report on Senior Post-Holders

The Committee received the Principal's report on senior post-holders, namely the Vice-Principal and the Director of Finance and Operations.

The Committee discussed the performance of each of the post-holders and was content with the process, the Principal's assessment and her recommendations for remuneration.

The Committee also discussed targets and objectives for the senior team for the following year and personal development plans, as appropriate.

6.6 Chair's report on the Principal's performance for 2018-19

The Committee confirms that the Principal was not present for the discussion on Principal's performance or her remuneration for the period 2018-19.

The Chair of Governors confirmed that an annual appraisal had taken place with the Principal, in addition to the 6-month and 10-month meetings after the Principal's appointment. The Chair had also had a meeting with the Chairs of Board Committees to invite discussion and feedback on the Principal's performance and delivery.

The Chair of Governors was pleased to report that the Principal had met, and exceeded, her key objectives in line with the mission of the College and the priorities agreed by the Board.

6.7 Performance Pay

The Committee confirms that no senior post holder, including the Principal, was present for this discussion.

The Committee agreed that, for the year 2018-19, all the members of staff covered by the Remuneration Committee had, at the very least, met and in most cases, exceeded, their individual performance targets.

Having considered the context in which the College operates in addition to affordability, value for money and equality and inclusion, the Committee made the decision that, with regret, there would be no performance-related pay awarded for 2018-19. The Committee also agreed that it would be fair and appropriate to offer salary increases for all senior staff, including the Principal, at the same level as offered by UCEA to all staff (1.8% of the base salary).

The Committee recorded its thanks to the Principal and the senior team for their dedication, efforts and commitment to the College in 2018-19.

6.8 Principal's Remuneration in figures

- Current (wef 1 August 2019)=£124,603.20
- Previous year Salary=£122,400.00
- Performance Related Pay=nil
- Benefits=£2,758.40 (health insurance)
- Pension Costs=£19,951.20
- Total=£147,312.80

6.9 Pay relativities

In assessing the pay of the Principal, the Committee took account of internal as well as external relativities. The Committee examined a range of other measures of relativity, as recommended by the CUC and others, as follows:

- The Principal's current basic salary divided by the median basic salary;
- The Principal's total remuneration divided by the median total remuneration.

The Remuneration Committee noted the expectation that the ratio of median staff pay to that of the Principal should be less than 1:8.5. It can be confirmed that the Principal's current basic salary divided by the median basic salary is 1:3.2 and the total remuneration divided by the median total remuneration is 1:2.9.

**Remunerations Committee
Rose Bruford College
January 2020**