

Meeting	Governing Body	Date	18 December 2019
Report Title	Remuneration report for Senior Post Holders 2018-2019	Agenda Item	23b
Author	Chair of Search, Remuneration and Governance Committee		

Background

The Governing Body is responsible for setting the pay and conditions of the holders of senior posts (SPH), Article of Government 3(e) refers. The Governing Body delegates to the Search, Remuneration and Governance Committee (SRG), responsibility for determining SPH remuneration, within the approved policy. On 13 November, SRG Committee met to consider the appraisal and remuneration of SPH staff in 2018/19. Any changes to salary are for implementation from 1 February 2020. The next review of the SPH Appraisal and Remuneration Policy is due in November 2020.

The Governing Body adopted this annual report on 18 December 2019 and approved it for publication on the College website.

Context

The Governing Body agreed to adopt the [AoC Colleges' Senior Staff Remuneration Code](#) (the Code) in March 2019, complying with 'must' statements and having regard to 'should' statements. Governors also agreed proposals for a pay framework for SPH.

The AoC developed the Code with the assistance of the Office for Students (OfS), with the aim of meeting the regulatory requirements of both ESFA and OfS. The Code states that a college 'must' publish a readily accessible annual statement, based on an annual report to its governing body, and specifies the minimum content of the report. The structure of this report follows the guidance provided by the AoC in its [explanatory notes](#) on the Code and the numbers cross-refer to the AoC outline report structure.

SPH remuneration report 2018/19

Introduction

1. Search, Remuneration and Governance Committee (SRG) has delegated authority for determining remuneration and conditions of SPH as defined by the College. The Committee terms of reference are available [here](#) (PDF 5 pages). The roles designated as SPH under the Instrument and Articles of Government (IAG) and therefore within the remit of the SRG are:

- Chief Executive and Principal;
- Deputy Chief Executive, Teaching, Quality and Assessment;
- Executive Director of Finance and Resources;
- Executive Director of Human Resources and Organisation Development;
- Governance Advisor and Clerk to the Corporation.

2. The Governing Body appoints the membership of SRG. As the Committee's remit is wider than remuneration, the Chief Executive and Principal, staff and student governors are included as members of SRG for search and governance business but are not permitted to participate as members in considering the remuneration or performance of SPH. SRG uses the process

outlined in Instrument 14(5) for managing conflicts of interest. The following members are, or were previously, eligible to be included in the quorum and vote on remuneration decisions.

- Gwyn Arnold, governor (chair and member from 1 August 2019 to present)
- Jay Bhayani, governor (member and vice chair from 1 August 2018 to 31 July 2019)
- Chris Linacre, governor (member from 1 August 2018 to present; chair from 1 August 2018 – 31 July 2019)
- Ian Falconer, governor (member from 1 August 2018).
- Beri Hare, governor (member from 24 October 2018 to present).
- Stephan Hollingshead, governor (member from 1 August 2019 to present).
- Seb Schmoller, Chair of Governors (member from 1 August 2018 to present).
- Kim Streets, governor (member from 1 August 2018 to present)
- John Timms, governor (member from 1 August 2018 – 31 July 2019).

3. SRG Committee meetings and attendance in 2018 and 2019 were:

2018/19	08 October 2018			100%
	11 February 2019			75%
	Special 25 April 2019			86%
	17 June 2019		Total	75%
	2018/19 attendance average	Att. as % of poss. attendances	83%	
2019/20	13 November 2019			100%

4. The College’s key strategic objective is that by 2021 TSC will “be a consistently great College that puts you at the heart of everything we do”. The College’s ambitions and actions to achieve this are set out in the [Strategic Plan 2018- 2021](#).

5. To note, the College commissions some of its support services from its wholly owned subsidiary companies (e.g. fixed term and casual teaching appointments from STS Ltd, catering and facilities support from SMS Ltd and certain marketing services from SSL). The College median pay figure quoted below in section 14, is calculated on the basis of all staff employed by The Sheffield College and its subsidiary companies.

Approach to SPH remuneration

6. The Sheffield City Region and South Yorkshire generally is a highly competitive environment for post-16 education and skills training, with a number of public and private providers of further education, training and apprenticeships. In addition, many of the region’s FE colleges provide higher education and there are two large publicly funded HE institutions.

7. The Governing Body has agreed the following fundamental principles to guide all decisions related to remuneration (TSC Appraisal and Remuneration Policy refers).

- To ensure compliance with relevant regulatory frameworks;
- To ensure that The Sheffield College has a fair and competitive salary offer that enables the attraction and retention of high quality people to SPH roles;
- To ensure that decisions made are fair, appropriate and justifiable;

- To have a fair procedure for making decisions;
- To meet the requirements for transparency and accountability;
- To ensure SPH pay achieves value for money in the use of resources. This includes ensuring that pay awards are affordable in the context of The College's financial performance.

8. The approach to setting remuneration is:

- **Pay bands** – SRG has agreed a pay band for each SPH post with a minimum and maximum annual salary. The band is set by considering the value of the role, which will be informed by the consideration of items including but not limited to:
 - job role, as described in the job description;
 - pay of comparable roles in other colleges, which may include consideration of the AoC senior pay survey.
- **Annual review of pay band** – to ensure the bands remain relevant and adequate they are reviewed annually, considering the same factors as the setting of the bands, as above. In considering benchmark information from the AoC Senior Pay Survey, SRG has regard to the size of the Colleges in the benchmark group i.e. currently £50m+. SRG may also consider comparator data for the Yorkshire and Humber region if the number of colleges in the benchmark is sufficient to be reliable.
- **Annual review of individual SPH pay with a band** – gives consideration to the following factors:
 - Individual performance against objectives, as assessed in the 'Go Further' review, which will be conducted by the Chair of Governors for the Chief Executive and Principal and Clerk and by the Chief Executive and Principal for other Senior Post Holders;
 - College performance against objectives;
 - The affordability of any pay award;
 - The fairness of any pay award set in the context of pay awards to other employees of The Sheffield College and its subsidiaries.

9. In considering individual SPH reward, SRG takes into account SPH performance against the balanced scorecard of objectives agreed at the beginning of the year. The objectives include support for the College's strategic objectives relevant to the role in areas such as:

- achievement of particular objectives within their remit including equality objectives, such as closing performance gaps of particular groups;
- teaching, learning and outcomes for students;
- management, financial performance and administration;
- leadership of staff and leadership behaviours that demonstrate the College values;
- stakeholder, partner and employer satisfaction;
- external relations nationally and locally;
- major initiatives and projects.

10. In implementing the framework, SRG draws data from ESFA financial data (on benchmarks and financial health score) and educational performance data; AoC for senior pay survey and internal reports on College performance against national benchmarks and internal targets.

11. The Governing Body agreed that the SPH remuneration framework should reflect, as far as possible, the structure applying to other Sheffield College employees. The framework for most employees is a defined scale of remuneration points with annual cost of living pay rises and a number of pay points to be used to reflect knowledge and skills on appointment and

reward performance as staff demonstrate higher levels of contribution. In addition to pay, College employees are eligible to join either the Teachers' Pension Scheme or the Local Government Pension Scheme; this also applies to SPH.

12. No SPH currently receives separate performance related pay. In adopting the approach described above, the Governing Body withdrew the previous discretionary bonus scheme that applied to SPH. As above, the College appoints most of its workforce on a salary scale with a framework for progression. For SPH, the move to a higher pay point within a band is not automatic and SRG determines any changes based on the factors outlined above. In addition, the framework provides that SPH would normally benefit from the same cost of living annual pay award as other College employees.

See appendix A: [Appraisal and Remuneration-Setting Process for Senior Post Holders](#)

13. In the annual review of the band for each SPH role, SRG considers benchmarking information from the AoC senior pay survey to ensure that the band remains comparable to the pay for similar roles in colleges of a similar size.

Pay Data

14. Total Remuneration Principal/Chief Executive 2018/19 and Pay Multiples

	2019 £'000	2018 £'000
Basic salary	145	125
Performance related pay and bonus	-	-
Benefits in kind	-	-
Subtotal	<u>145</u>	<u>125</u>
Pension contributions	24	21
Total	<u><u>169</u></u>	<u><u>146</u></u>
Chief Executive & Principal's basic salary as a multiple of the median of all staff	5.2	4.1
Chief Executive & Principal's total remuneration as a multiple of the median of all staff	5.2	5.3

The 2019 pay data reflects the decisions of SRG implemented from 1 February 2019. The College's previous practice was to consider SPH remuneration annually in spring reflecting on the College and individual performance in the previous year to set remuneration for the current year, with any awards back dated to February of the current academic year. In setting its cycle of business for 2019/20, the Governing Body decided to move consideration of SPH remuneration into the autumn to match the Go Further Review cycle (the College appraisal system) and to ensure that decisions would be processed in a timely manner for implementation the following February.

Assumptions for calculation of pay multiples:

Calculations have been made using the methodology set out in the ESFA college accounts direction 2018 to 2019.

The calculation for median earnings of the whole College workforce excluded those staff on variable time/casual contracts but included employees of the wholly owned subsidiary companies.

The 2018 median reflects that the CEP role was covered for part of the year on an interim basis by the Principal, whose basic salary was in a lower pay band.

Institutional performance

15. At its meeting on 13 November, SRG considered SPH remuneration in the context of performance in 2018/19 with a view to confirming salaries from 1 February 2020. The Committee's discussion included the following main points.

- Overall, there had been improvements in the College's academic and financial performance in 2018/19 compared to 2017/18;
- The College's educational outcomes had improved overall by 3 percentage points and for young people by 5 percentage points.
- The College had met its loan covenants and maintained a financial health rating of 'good' throughout the period.
- The College had been judged as making substantial/reasonable progress at an Ofsted monitoring visit in October 2018 but had not yet been rated as 'Good' by Ofsted.
- Cost of living uplift for 2018/19 – it was noted that there had been a cost of living increase of 1% awarded to all staff since the pay bands had been initially agreed in April 2019.

In the context of this discussion, and the other points referred to above SRG, approved pay points for each SPH. The new salaries come into effect from 1 February 2020 for report in the 2019/20 annual accounts and remuneration report.

External appointments and expenses

16. The College includes an exclusivity of service clause in its SPH employment contract, which requires an SPH to obtain express permission from the Corporation for external work (remunerated and unremunerated activity). In the event of an SPH requesting approval of external work, the Chair of SRG would determine what proportion of the external remuneration the SPH should retain and the justification for this. SRG makes the final decision about the total level of remuneration for each SPH annually (including any element of external income).

17. The Chief Executive and Principal has not received any income from external appointments in the period.

18. The Sheffield College Travel and Expenses Policy provides that the College shall bear the costs of properly budgeted, authorised and receipted travelling and subsistence expenditure incurred by employees wholly, exclusively and necessarily in the performance of the duties of employment. The [financial regulations](#) set out the process for authorising and monitoring payment of expenses against claims. In 2018/19, the College paid expenses totalling £2,939 to four members of the College Executive Leadership Team (ELT). To ensure there is oversight of College expenditure on executive travel, the Chair of Governors receives periodic reports on travel, accommodation and meals that are pre-booked by the College for members of the Executive Leadership Team. The Chair also approves reimbursement of any out of pocket expenses for the Chief Executive and Principal.

19. No severance payments were made to SPH staff in the period under review.

Chair of SRG Committee
December 2019

Appraisal and Remuneration-Setting Process for Senior Post Holders

Owner: Clerk	Related Strategies: People Strategy
Relevant to: Strategic Priority – College Improvement Plan for People	

Office Use only:

Corporate:	Approval Governing Body: Executive Owner: Clerk	Approval/Re-approval Date: 25 April 2019	Implementation Date: 1 May 2019	Next Review Date: November 2020
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New Policy or Substantive Policy Review

Version	Date	Policy Development Agreed by (Executive Owner)	Policy Development Author	Draft Policy Verified by	Policy Approval	Impact Assessment (if applicable)
1	27/3/2019	Governing Body	Chair of Governors and Chair of SRG Committee	SRG Cttee	GB on recommendation of SRG Cttee	
2	25/4/2019	Governing Body	Chair of SRG Committee	SRG Committee	SRG Committee	

Rationale for new or substantive policy review	The Governing Body resolved to adopt the AoC Colleges' Senior Post Holder Remuneration Code at its meeting on 27 March 2019. The SPH Appraisal and Remuneration Policy was devised to ensure that the College's approach to remunerating its senior post holders is fair, transparent and complies with the AoC Code.
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Periodic Policy Review / Change History

Version	Date of Review / Revision	Description of Change	Reviewed By	Approved By (Executive Owner)
3	13/11/2019	Annual review date for SPH remuneration moved to November to align with Go Further Review and pay award cycle for all staff; date of next policy review moved to November 2020.	SRG Committee	Governing Body

Communication

To be agreed by Executive Leadership Team

Announcement on hub <input type="checkbox"/>	SLT email <input type="checkbox"/>
College newsletter <input type="checkbox"/>	All staff email <input type="checkbox"/>
SLT meeting <input type="checkbox"/>	Cascade brief <input type="checkbox"/>
External website <input checked="" type="checkbox"/>	Training needed (specify who) <input type="checkbox"/>

1. Definitions

- a) A **Senior Post Holder** (SPH) is a holder of a Senior Post, defined in the Instrument and Articles of Government as follows:

(i) "senior post" means the post of Principal and such other senior posts as the Corporation may decide for the purposes of these Articles;

Five roles are currently defined as SPH:

- o Chief Executive and Principal
 - o Clerk
 - o Deputy Chief Executive: Curriculum, Quality and Assessment
 - o Executive Director of Finance and Resources
 - o Executive Director of Human Resources and Organisation Development.
- b) **AoC Code** means the AoC Colleges' Senior Post Holder Remuneration Code
- c) **Go Further Review (GFR)** is the College's professional development and appraisal scheme.
- d) The **Search, Remuneration and Governance Committee (SRG)** is the committee of the Governing Body which determines pay scales for SPH and reviews the performance and pay of SPH.
- e) **Balanced Score-Card (BSC)** is an annual summary of performance objectives and performance measures, agreed between a SPH and their line manager.

2. Responsibility

a) Appraisal

- i) According to "Governance Arrangements Role and Responsibilities of the Chair (amended following Governing Body 12 May 2008 and reviewed August 2015)" one of the responsibilities of the Chair of Governors is "To appraise the Chief Executive, Clerk and other Senior Post Holders and to ensure appropriate opportunities for their development and training."
- ii) In the Sheffield College, the Chair of Governors delegates to the Chief Executive and Principal the responsibility for appraising SPH (other than the Chief Executive and Principal and the Clerk), whilst maintaining overall oversight of the process (see 3f and 3d below).

b) Pay

- i) The Governing Body has overall responsibility for deciding on pay and conditions for all employees. This function, with the exception of SPH, is delegated to the Executive Team to manage, within the overall budget approved by Governors (the Delegated Authority Matrix, refers).
- ii) The Search, Remuneration and Governance Committee of the Governing Body is responsible for determining the pay of individual SPH.

3. Appraisal process

- a) SPH appraisal is handled within the overall parameters of GFR, with the following main enhancements:
- i) A role-related "balanced score-card" of performance objectives and performance measures is maintained by the SPH and their line manager. Balanced score-cards (BSC) are organised under the main subheadings of

the SPH role-description, thus, in the case of the Chief Executive and Principal:

- 1) Whole College Leadership
 - 2) Quality is high
 - 3) The College has a constructive workplace culture
 - 4) The College is financially sustainable
 - 5) The College is an efficient and effective organisation
 - 6) The College is an “anchor” institution locally and regionally.
- ii) Under each heading there are typically one or two Performance Objectives, and for each objective there are a variable number of Performance Measures, each with (if relevant) an approximate deadline for achieving it. The scorecard also includes, for each objective, an indicative list of data-sources and some sentences indicating the ways in which the objective is likely to be achieved.
- b) It is intended that the objectives in each SPH’s BSC will be visible to all other SPH. Performance scores, rag rating and feedback would normally be confidential to the SPH and their appraiser, other than as set out in 3(d), (e) and (f).
- c) The BSC is reviewed between the SPH and their line manager at least termly.
- d) The Chair of Governors reviews all SPH BSCs at least annually, in discussion with the Chief Executive and Principal. (See 2(a).ii.)
- e) In the run-up to the Spring meeting of the SRG, the most recent version of the BSC is reviewed between the SPH and their line manager, with a view to:
- i) agreeing a RAG rating on each of the performance measures that are in scope;
 - ii) finalising the text for the SPH’s Go Further Review (GFR);
 - iii) the SPH’s line manager writing a confidential statement for the Chair of SRG, summarising the extent to which the SPH is meeting their Performance Objectives, and any relevant contextual points. This statement is of a form suitable for tabling during the private remuneration session SRG, whether or not the SPH is eligible for an annual review of their salary. (Each SPH’s employment contract specifies the approximate date of the first salary review.)
- f) In relation to the SPH whose appraisal is undertaken by the Chief Executive and Principal, the confidential statement is also shared with the Chair of the Governing Body. (See 2(a).ii)
- g) The confidential statements are shared with the SPH concerned in draft and final form.
- h) Should the SPH and their appraiser fail to agree on any judgements in the appraisal process, then either of them may refer the matter to one of the Vice Chairs, who will investigate as they see fit and adjudicate. The Vice Chair’s determination is final.

Note. It is open for this Appraisal Framework to be applied by the Chief Executive and Principal to Executive Team members who are not SPH, although such post holders’ pay is not normally a matter for SRG.

4. The private remuneration session of SRG Committee

a) Preliminaries

- i) The purpose of this section is to give practical effect to Section 6 “Annual Review of Pay within a Band” in the Annex A of this document. (**Note:** implementation of Section 5 “Reviewing Pay Bands” will also be undertaken by SRG in private session as bands relate to the pay of individual SPH.)
- ii) Given the sensitive nature of SPH remuneration and performance assessment decisions, and the breadth of the membership of SRG, SRG will restrict consideration of its remuneration function to only those members who are not College staff. When assessing the remuneration and performance of SPH other than to Chief Executive and Principal and Clerk, the CE/P will be present for the discussion. This consideration will typically be at one meeting each year to be arranged in the Spring.
- iii) In line with the SRG Terms of Reference, the meeting will have the authority to take decisions relating to the remuneration of individual SPH. It will be advised as necessary by the Executive Director of HR and Organisation Development (EDHROD), the Chief Executive and Principal (CE/P), and the Clerk.
- iv) The private remuneration session of SRG will be serviced by the Clerk except where the Clerk has a direct pecuniary interest in the deliberations, in which case the Clerk will withdraw and a governor will record decisions.

b) Agenda

- i) The following items will be covered in the private remuneration session of SRG (this list is not exhaustive):
 - 1) Which, if any, posts are in scope for salary review
 - 2) What, if any, are the current and anticipated affordability constraints
 - 3) The overall performance of the College and any changes to this
 - 4) Whether or not there are there any competitiveness and/or parity issues within the College (or relating to similar posts in similar colleges) that might affect either one or more pay bands, or the position of any individual SPH within the pay-band for their post
 - 5) The performance of individual SPH over the previous period
 - 6) Any instances of remunerated external work being approved by the Chair of SRG Committee; if so, what amount of the additional income has been approved for retention by the individual and the justification for this
 - 7) What if any changes should be made to the salary points of individual SPH and from what date.

c) Follow-up

- i) A minute of the decisions will be made, reviewed for accuracy by the governors who took part in the session, and signed by the Chair of SRG.
- ii) The Chair of SRG will write, cc the Chair of Governors:
 - 1) to the Chief Executive and Principal and to the Clerk informing them of the Governors’ decision(s) on pay;
 - 2) to the Chief Executive and Principal, cc the Clerk, informing the Chief Executive and Principal of the Governors’ decision(s) on pay relating to the SPH reporting to the Chief Executive and Principal
- iii) The Chief Executive and Principal will communicate these decisions in person to the SPH in question, to be confirmed in writing.

- iv) Copies of letter (or hard copies of emails), along with copies of the confidential statements referred to above in 3 (e).iii, will be placed on the personal files of each SPH by the Clerk.
- v) At the conclusion of the process a summary of any changes to the remuneration of SPH will be made by the Clerk, to be countersigned by the Chair of SRG, the Chair of Governors, and the Chief Executive and Principal (as Accounting Officer). It will be stored with the minutes of the private remuneration session of SRG, and made available by the Clerk to the Payroll Manager for implementation.

5. Revisions and updates

This framework was drafted on 13 February 2019. It was updated between on 15 February and 12 March 2019.

Governing Body approved the approach at its meeting on 27 March 2019 and authorised SRG Committee to complete the work and finalise the framework documentation.

It was considered and approved by SRG at a meeting on 25 April 2019, subject to certain amendments, which were subsequently made.

It is due for review by the Search, Remuneration and Governance Committee in Summer 2020 after its second application which is due in Autumn 2019



The Colleges' Senior Post Holder Remuneration Code

Association of Colleges Governors' Council

December 2018

Introduction

1. The Senior Post Holder Remuneration Code (the Remuneration Code) forms part of the AoC Code of Good Governance in England as of December 2018; in order to be compliant, college Governing Bodies should adopt and must have due regard for the Remuneration Code (as stated in 9.9 and 9.10 of the AoC Code of Good Governance).
2. Fair and appropriate remuneration is key to the success and development of the college sector. To support governing bodies, the Remuneration Code was developed by AoC Governors' Council after wide consultation with AoC members, governors and college stakeholders. This Remuneration Code will be reviewed every three years, in consultation with the sector.
3. The different regulatory frameworks of the college sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Colleges are bound by the relevant accounts direction issued by their regulator. In addition, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of Senior Post Holders within its audited financial statements and whether the governing body publishes its written commitment to comply with this Remuneration Code.
4. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions and, in doing so help to protect institutional and sector reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.
5. The use of this Remuneration Code is voluntary, and can be used by any college. The Remuneration Code is to be used on an 'apply or explain' basis. This means that colleges should either publicly state that they have abided by the minimum requirements of this Remuneration Code or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.
6. Throughout this Remuneration Code the word 'must' identifies the AoC Governors' Council view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of Explanatory and Guidance Notes (Appendix 1) which are designed to assist Governing Bodies in developing their responses. The use of the word 'should' identifies good or enhanced governance practice which institutions are encouraged to adopt.

7. The principles outlined in this Remuneration Code apply to all remuneration decisions affecting the emoluments of the Chief Executive, Principal and other Senior Post
8. Holders as prescribed in constitutional documents. In England, the principles also apply to Senior Post Holders as defined in ESFA accounts direction.

Elements of fair and appropriate remuneration

Fair and appropriate remuneration¹ requires three key elements - namely that there is:

- i. a fair, appropriate and justifiable level of remuneration;
- ii. procedural fairness; and
- iii. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

Element I - A fair, appropriate and justifiable level of remuneration

Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to their college's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.

Principles

- a) Remuneration should take account of the context in which the college operates.
- b) Remuneration must be linked to the value, based on a number of components, delivered by the individual within the role.
- c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- d) Colleges should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There must be a robust and consistent process for setting objectives and assessing an individual's contribution.
- e) Remuneration can vary according to individual performance. However, the decision to apply performance-related pay is for individual colleges to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.
- f) Except in the case of incremental progression, any awards made in respect of annual performance related payments linked to the achievement of specific annual objectives should not be consolidated.

¹ Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

- g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
- h) Non-achievement of an individual's expected contribution should be clearly addressed through performance management.
- i) Any severance payments must be reasonable and justifiable.
- j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity, particularly in respect of full-time post holders.

Element II - Procedural fairness

Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision-making using appropriate evidence and assessing the value of roles, the contexts and individuals' performance in them.

Principles

- a) Senior Post Holder remuneration should be determined in the context of each college's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent, competent and should not be chaired by the Chair of the Governing Body.
- d) The Chief Executive / Principal must not be a member of the Remuneration Committee.

Element III - Transparency and accountability

The process for setting remuneration must be transparent. For Senior Post Holders there must be a college level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the Chief Executive / Principal must be separately justified, published and related to the remuneration of all staff within the organisation.

Principles

Each college must publish a readily accessible annual statement, based on an annual report to its governing body. This report must contain:

- a) a list of Senior Post Holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its policy on income derived from external activities;
- d) the pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above any published average, an explanation of why.

The report should also contain:

- e) its choice of comparator college(s)/organisation(s);
- f) an explanation of any significant changes.