

<b>Meeting</b>	Governing Body	<b>Date</b>	09 December 2020
<b>Report Title</b>	Remuneration report for Senior Post Holders 2019-2020	<b>Agenda Item</b>	23
<b>Author</b>	Governance Advisor & Clerk to the Governing Body	<b>Confidential</b>	<b>Yes</b>

### Context

Governing Body is responsible for setting the pay and conditions of the holders of senior posts (IAG Article 3(e) refers). Governing Body delegates to the Search, Remuneration and Governance Committee (SRG), responsibility for determining SPH remuneration, within the approved policy.

The Governing Body agreed to adopt the AoC Colleges' Senior Staff Remuneration 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 Code was developed with the assistance of the Office for Students (OfS), with the aim of meeting ESFA / OFS regulatory requirements. 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.

On 11 November 2020, the appointed members of SRG Committee appraised the performance of SPH in 2019/20 and determined remuneration for 2020/21 (changes are implemented from 1 February 2021). The remuneration that SPH received in 2019/20 was determined on 13 November 2019 and summary information is included in the Annual Members' Report 2019/20.

There are minor changes to SPH Appraisal and Remuneration Policy recommended for approval. The changes are to incorporate the outcomes of the restructure of the Executive Leadership Team, approved by Chair's Action on 28 August 2020, following consultation with governors. The College publishes the SPH Appraisal and Remuneration Policy.

**Note:** the structure of this report follows the guidance provided by the AoC in its explanatory notes on the code and the paragraph numbers cross refer to the AoC outline report structure.

### Report

#### 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 during 2019/20 were:

- 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 membership of SRG is appointed by the Governing Body. As the committee's remit is wider than remuneration, the Chief Executive and Principal, staff and student governors are permitted to be members of SRG but are excluded from membership for remuneration or performance of SPH. The following members are, or were previously, eligible to be included in the quorum and vote on remuneration decisions.

- Gwyn Arnold, governor (member from 1 August 2019 to present; chair from 1 August 2019 to 31 July 2020, vice-chair from 1 August 2020 to present)
- Ian Falconer, governor (member from 1 August 2018 to present).
- Beri Hare, governor (member from 24 October 2018 to present).
- Stephan Hollingshead, governor (member from 1 August 2019 to present).
- Chris Linacre, governor (member from 1 August 2018 to 31 July 2020, chair from 1 August 2018 to 31 July 2019)
- John Mothersole, governor (member and chair from 1 August 2020 to present)
- Seb Schmoller, Chair of Governors (member from 1 August 2018 to present).
- Kim Streets, governor (member from 1 August 2018 to 31 July 2020)

3. In 2019 and 2020, appointed members of the SRG Committee met on the dates below to consider SPH appraisal and remuneration.

College year	Meeting date	Members' attendance
2019/20	13 November 2019	100%
2020/21	11 November 2020	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 appointments from STS Ltd; catering and facilities support from SMS Ltd; and certain marketing and business development 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 further education, 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 (HE) 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+.
- **Annual review of individual SPH pay within 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 a 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 has regard to data from ESFA financial data (on benchmarks and financial health score); 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, as far as possible, reflect the structure applying to other Sheffield College employees i.e. a defined scale of reasonable remuneration points with annual cost of living pay rises and a set 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. Most College employees are appointed on a salary scale and progression to a higher point on the scale is a combination of demonstrating competence at a particular standard and service for a set period. For the 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.

See appendix A: Appraisal and Remuneration-Setting Process for Senior Post Holders

13. As above, SRG considers benchmarking information from the AoC senior pay survey when it reviews the band for each role to ensure that the band remains comparable with colleges of a similar size.

14. The current value for the College of the pay multiple of Chief Executive/Principal earnings against the median of all staff, as published in the Members' Report and Financial Statements for 2019/20 is:

	2020	2019
Chief Executive & Principal's basic salary as a multiple of the median of all staff	605%	602%
	2020	2019
Chief Executive & Principal's total remuneration as a multiple of the median of all staff	638%	617%

The 2020 data reflects the decisions of SRG implemented from 1 February 2020, including the College cost of living award for 2019/20.

### **Institutional performance**

15. At its meeting on 11 November 2020, SRG considered SPH remuneration in the context of performance in 2019/20 with a view to confirming salaries from 1 February 2021 and its discussion included the following main points:

- the college had continued to improve according to indicators for teaching quality, student achievement and sustainability. The college had not yet been rated as ‘Good’ by Ofsted, one indicator on the balanced scorecard, but an interim visit in October 2020 had reported that the College was taking effective action to tackle the challenges posed by the Covid-19 pandemic.
- members were satisfied that the College’s financial position was strong and the 2019/20 out-turn rated as “outstanding” by the ESFA financial health score system.
- it was noted that, since the approval of senior post holder pay on 13 November 2019, the senior post holder pay bandings had been increased in line with the college cost of living pay award for 2019/20.
- members were satisfied that the college’s pay bandings remained appropriate in the context of the benchmarking information from the AoC senior pay survey for similar roles in FE colleges with £50m+ turnover.

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

The total remuneration for the Chief Executive and Principal in 2019/2020 was as follows.

	2020 £’000	2019 £’000
Basic salary	150	145
Performance related pay and bonus	-	-
Benefits in kind	-	-
Subtotal	150	145
Pension contributions	35	24
Total	185	169

### External appointments and expenses

16. The College includes an exclusivity of service clause in its SPH employment contracts, which requires an SPH to obtain express permission from the Corporation for external work (including remunerated and unremunerated activity). In the event of an SPH requesting approval of external work, the Chair of SRG would determine what if any of the external remuneration could, in principal, be retained by the individual and the justification for this. The final decision about the total level of remuneration for each SPH annually (including any element of external income) is decided by SRG, as above.

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 2019/20, expenses were paid to five members of the College Executive Leadership Team (ELT) totalling £2158.

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 ELT members. The Chair also approves reimbursement of any out of pocket expenses for the Chief Executive and Principal.

### Impact and Next Steps

The Report is intended to provide assurance to members, staff, students and the general public that the College takes a fair, open and sustainable approach to determining senior staff pay.

To demonstrate this, the College will publish the Annual Report and the updated SPH Appraisal and Remuneration Policy on its website. This will also demonstrate that the College continues to meet relevant precepts of the AoC Code of Good Governance and the conditions of registration of the Office for Students.

### **Financial/Value for Money Implications**

As outlined in the report, SRG considers affordability and benchmarks, as well as college and individual performance when setting SPH remuneration.

### **Strategic Implications**

To build and sustain its success, it is vital that the College recruits, retains, develops and rewards the very best leaders in a competitive market.

### **Stakeholder Implications**

The Office for Students (OfS) requires publicly funded HE providers to adopt the CUC Senior Staff Remuneration Code, or equivalent, in order to comply with the general conditions of OfS registration. The remuneration precepts in the AoC Code have been agreed as meeting the expectations of the OfS

Internal and external stakeholders expect publicly funded organisations to behave responsibly with regard to senior pay and use of public funds. Where colleges fail to manage senior pay and expenses in a reasonable manner, the publicity not only reflects badly on that college's reputation but also on the sector as a whole.

### **Legal/Compliance Implications**

As a condition of its funding agreement with the ESFA, the College is required to state whether or not it has adopted the AoC Code of Good Governance and the sections on senior pay in its annual members' report and financial statements.

# Appraisal and Remuneration-Setting Process for Senior Post Holders

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

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<b>Corporate:</b>	<b>Approval Governing Body:</b> Executive Owner: Clerk	<b>Approval/Re-approval</b> Date: 25 April 2019	<b>Implementation</b> Date: 1 May 2019	<b>Next Review</b> Date: March 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	

<b>Rationale for new or substantive policy review</b>	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	s.9 added – Income derived from other sources	SRG	SRG

## 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"/> via annual report	Training needed (specify who) <input type="checkbox"/>

# **Appraisal and Remuneration-Setting Process for Senior Post Holders**

This document describes the appraisal and remuneration-setting process for Senior Post Holders employed by The Sheffield College.

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## 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:

- Chief Executive and Principal
  - Clerk
  - Deputy Chief Executive: Curriculum, Quality and Assessment
  - Executive Director of Finance and Resources
  - 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

## **Annex A: The Sheffield College - Senior Post Holders' Pay Framework**

**Note.** This Framework was considered by SRG Committee on 11/2/2019 which recommended it for approval to the Governing Body along with adoption of the AoC Colleges' Senior Post Holder Remuneration Code. A small number of minor amendments for clarity were made by the Chair of SRG and the Chair of Governors during March 2019. Section 8, the information on pay ranges, was added following approval by SRG on 25/4/2019 and does not include the cost of living pay rise for all TSC staff in 2017/18, which was still subject to negotiation at the time of the meeting.

### **1. Introduction**

This framework describes the principles and processes for the setting and review of the pay of SPH at The Sheffield College.

The Sheffield College commit to meet the minimum standards of the AoC Colleges' Senior Post Holder Remuneration Code (Annex B). Although not every element of that code is explicitly stated below, the inclusion of it as an Appendix is intended to demonstrate our commitment to this. Those responsible for reviewing SPH remuneration must give consideration to the AoC Colleges' Senior Post Holder Remuneration Code alongside this framework.

### **2. Scope and Purpose**

This framework applies to the setting and review of the pay of Senior Post Holders at The Sheffield College only. It does not apply to other employees of The Sheffield College, for whom other arrangements exist.

The purpose of the Senior Post Holders Pay Framework is:

- 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 Senior Post Holder 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.

To achieve these aims, the following will apply.

### **3. Timescales**

SPH pay is reviewed annually.

Except in so far as the College may in the future introduce a common annual implementation date for salary changes for all staff, any change to Senior Post Holder pay will normally be implemented with effect from the review date contained in their Contract of Employment or if not stated from 1 February.

#### **4. Setting Pay Bands**

There will be a pay band for each Senior Post, with a minimum and maximum annual salary. The band will be set by considering the value of the role, which will be informed by the consideration of items including but not limited to:

- The job role, as described in the job description.
- The pay of comparable roles in other Colleges, which may include consideration of the AoC salary survey.

Pay bands for any new Senior Posts will be set by the Search, Remuneration, and Governance Committee.

#### **5. Reviewing Pay Bands**

##### Annual Review

Pay bands will be reviewed annually, considering the same factors as the setting of the bands.

Any change to the pay band will be discussed by the SRG Committee, including consideration of any impact on an incumbent post holder, but a change to a band will not automatically result in a salary change for that post holder. SPH salaries will normally be located within the relevant band. In the event of a change to a band resulting in a post holder's current salary being above the maximum of its revised band, appropriate arrangements for salary protection would be made.

Unless there is a justification for not doing so, the bands would normally be uplifted annually for a 'cost of living' award. This 'cost of living' award shall be in line with that offered to all other employees of The Sheffield College and its subsidiaries. Any award for the 'cost of living' will apply to the band for the post and the post holders' current salary, but will not be considered in any review of the value of the contribution of the post holder.

##### Review upon change of duties

Where the duties of a post are required to change, this will be discussed with the post holder and dependent upon the scale/scope of that change, a review of the pay band may be necessary at that time. This will be decided by the SRG Committee before any formal change is agreed to the banding for the post and the current post holder. If a change to the band is agreed this may result in the need to consider the pay of that post holder at that time. Where this is the case the factors considered will be similar to those for setting Senior Post Holder pay on appointment and any decision shall be subject to the same approval.

##### Consultation

In line with good HR practice, the Chair of Governors will normally consult with any SPH affected where the College is considering making changes to one or more SPH pay bands, reporting the results of this to the Chair of SRG prior to changes being finalised.

#### **6. Annual Review of Pay within a Band**

The SRG Committee will undertake an annual review of the pay of Senior Post Holders in the Spring of each year, which will determine individual salaries for SPH, in addition to any 'cost of living' award.

The annual review will give 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.

## **7. Setting Senior Post Holder pay on appointment**

Recommendations on the pay level of new appointees will be made by the interview panel as constituted by Governing Body for making an appointment to a Senior Post. The decision as to what salary to offer shall be based upon the following principles:

- Consideration will be given to the extent to which the appointee would fully meet all requirements of the role and the extent to which there are development areas, ascertained from the interview process and the consideration of skills and previous experience and salary in current role.
- Consideration will be given to the need to offer pay progression opportunities after appointment; therefore candidates would typically not be offered a salary that is above the mid-point of the salary range. However this can be varied by the Chair of the interview panel.
- Only in exceptional circumstances, defined at the time, may an appointment be made at a salary above the top of the band for the role or below the minimum.

### Authority to Offer

- Within the agreed pay band this will be delegated to the Chair of the interview panel.
- Any proposal, by exception, to appoint at a level below the bottom of the band or above the top of the band for the role must have been discussed and approved by the Chair of the Search, Remuneration and Governance Committee prior to salary on appointment being confirmed.

## **8. Pay Bands** (as approved by SRG Committee 25 April 2019)

The pay bands are intended to guide SRG Committee and SPH recruitment and selection panels in setting and reviewing salaries fairly. The decision to move a Senior Post Holder to a higher point within a banding is at the absolute discretion of the SRG Committee and will normally be determined annually in the Spring by the SRG Committee dependent on affordability, the performance of the College across a number of factors and the outcome of an individual performance review.

- Chief Executive and Principal from £139,050 up to £161,197
- Deputy Chief Executive, Teaching, Quality and Assessment from £98,058 up to £113,676
- Executive Director of Finance and Resources from £86,520 up to £100,300
- Executive Director of Human Resources and Organisation Development from £81,553 up to £94,543
- Clerk to the Corporation from £53,000 up to £61,442

## **9. Income derived from external sources** (as approved by SRG Committee 25 April 2019)

The College includes an exclusivity of service clause in its SPH employment contracts, which requires an SPH to obtain express permission from the Corporation for external work (including remunerated and unremunerated activity). In the event of an SPH requesting approval of external work, the Chair of Search, Remuneration and Governance Committee would determine what if any of the external remuneration could, in principal, be retained by the individual and the justification for this. The final decision about the total level of remuneration for each SPH annually (including any element of external income) would be decided by the Search, Remuneration and Governance Committee.





# 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 remuneration<sup>1</sup> 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.

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<sup>1</sup> 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.

- 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.
- 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.