

## The Colleges' Senior Post Holder Remuneration Code: Annual Statement to the Governing Body

### Background

The Instrument and Articles of Government of Ealing Hammersmith and West London College (EHWLC)<sup>1</sup> FE Corporation defines a "senior post" as meaning the post of "*Principal (Chief Executive) and such other senior posts as the Corporation may decide for the purposes of these Articles*".

Article 3 (1) (f) states that the Corporation shall be responsible for

*'the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts and the Clerk, including, where the Clerk is, or is to be appointed as, a member of staff, the Clerk's appointment, grading, suspension, dismissal and determination of pay in the capacity of a member of staff'.*

The Remuneration Committee's terms of reference<sup>2</sup> (approved by the Corporation on 13 February 2019) state that

*'The Remuneration Committee shall act in accordance with the delegated authority of the Corporation to determine the remuneration and all other terms and conditions of employment of the holders of senior posts (Senior Post holders) and the Clerk. In so doing consideration will be given to elements such as*

- *basic salary*
- *benefits in kind*
- *annual bonus/performance related elements, if any*
- *pension provisions*
- *the terms and conditions in each senior post holder's contract of employment, with particular reference to notice provisions.*
- *relevant data published by peer groups i.e. the AoC survey of senior pay*
- *the College's ability to pay*

*The Remuneration Committee shall advise the Corporation on the appraisal process for senior post holders including the Principal together with the outcomes from the annual appraisals. The appraisal of the Clerk shall also be reported to the Corporation. Specifically, the Committee shall evaluate annually the specific remuneration packages of the Principal and other senior post holders against:*

- *agreed performance goals and objectives; and*

---

<sup>1</sup> Approved 17 October 2018

<sup>2</sup> [https://www.wlc.ac.uk/images/governors/WLC\\_ToR\\_Remuneration\\_Committee\\_APPROVED\\_130219.pdf](https://www.wlc.ac.uk/images/governors/WLC_ToR_Remuneration_Committee_APPROVED_130219.pdf)

- *an appropriate peer group (it may take account of relevant information published by the AoC)*
- *the Corporation's ability to pay*

*The Committee will review and assess performance, target goals and objectives established before the commencement of the relevant period and determine whether such goals and objectives have been achieved at the end of the relevant period.*

*The Committee shall review on a continuing basis the Corporation's policy in relation to the remuneration of the Principal, the Clerk and other senior post holders and shall submit an annual report to the Corporation which shall include:-*

- *the Corporation's policy on the remuneration of senior post holders including levels, comparator groups of colleges, component elements, performance criteria and compensation commitments on early termination.*
- *full details of the remuneration packages of each senior post holder by name, such as salary, benefits in kind, individual bonuses pension entitlements etc.*

*Details of staff development activities undertaken by senior post holders including the Principal and the Clerk shall be presented to the Remuneration Committee with the appraisal outcomes and the Corporation shall be informed appropriately.'*

EHWLC FE Corporation adopted The Colleges' Senior Post Holder Remuneration Code<sup>3</sup> at its meeting held on 22 May 2019. The Code was developed by the Association of Colleges Governors' Council and was published in December 2018.

The Remuneration Committee amended its terms of reference at its meeting held on 10 July 2019 to comply in full with the Colleges' Senior Post Holder Remuneration Code. The Colleges' Senior Post Holder Remuneration Code includes the requirement that the college must publish a readily accessible annual statement, based on an annual report to its governing body. The purpose of this report is to meet that requirement. The Corporation has determined that the statement will be published on the College website for transparency and ease of access.

The membership of the Remuneration Committee comprises six governors. Consistent with the Senior Post Holder Remuneration Code, the Corporation has determined the that

- The Chair of the Remuneration Committee shall not also be the Chair of the Corporation.
- The Principal (Chief Executive) shall not be a member of the Remuneration Committee but may advise the Committee on matters other than his/her own remuneration. The Committee may invite other senior post holders to attend meetings where necessary.
- The Principal and Chief Executive shall withdraw when matters relating to the remuneration and performance of the Principal and Chief Executive are considered.

---

<sup>3</sup> <https://www.aoc.co.uk/sites/default/files/Colleges%20Senior%20Staff%20Remuneration%20Code.pdf>

- Other senior post holders shall withdraw when matters relating to their remuneration and performance are considered.
- The Clerk to the Corporation shall be the Clerk to the Committee unless otherwise agreed by the Committee.
- The Clerk shall withdraw when matters relating to the remuneration and performance of the Clerk are considered.

### **Remuneration process**

The College's Remuneration Committee met on 10 July 2019. At the meeting it

- (i) received details of the review of the performance of the Chief Executive undertaken by the Chair of the Corporation; it also commented on targets for the Chief Executive for the coming period;
- (ii) received details of the review of performance of the Executive Director (Finance and Resources); it also commented on targets for the Executive Director (Finance and Resources) for the coming period;
- (iii) received details of the review of performance of the Clerk to the Corporation / Director of Governance; it also commented on targets for the the Clerk to the Corporation / Director of Governance for the coming period; and
- (iv) recommend any changes to pay of senior post holders.

The Chief Executive withdrew from the meeting where there was discussion of the performance of the Chief Executive. The Clerk withdrew from the meeting for discussions concerning the Director of Governance / Clerk to the Corporation.

### **Senior Post Holders**

The roles designated as senior post holders (SPH) and therefore within the remit of the Remuneration Committee are:

- Chief Executive and Principal
- Deputy Principal (Curriculum and Quality) - currently vacant
- Executive Director (Finance and Resources)
- Director of Governance and Clerk to the Corporation – part time role

### **Remuneration Policy**

The Policy has been devised with regard to the principles of the AoC Code, so that the College has in place:

- a fair and competitive salary offer to attract and retain high performing staff, taking account of the circumstances of the College and evidence about the ability to recruit;
- a framework for SPH remuneration that is fair and which is informed by information about the range of salaries and the median earning of all staff and the College's ability to pay
- decision-making processes for SPH remuneration that are fair, transparent and accountable.

### **Choice of comparator college(s)/organisation(s)**

In determining the remuneration packages of each SPH role, the Committee had regard to the latest benchmark data, where available, for relevant roles published in the Association of College's Senior Pay Survey. The Committee considered salary data for colleges in London and the South East with a turnover of £30m - £40m. This is consistent with the College's

forecast budget turnover of £31.1m in 2018/19. As a College in Administered Status and in recognition of the difficulties faced by the College in recruiting high calibre staff, salaries offered are above benchmark colleges.

The Committee's deliberations were informed by the fact that all of the SPH have been in post for less than a year and in the case of the Deputy Principal (Finance and Resources) and Director of Governance / Clerk to the Corporation, for less than 6 months and both are, therefore, still in their probationary period.

As EHWLC is in administered status, has a financial notice to improve and has major financial challenges, the Committee took the view that remuneration packages of the current SPH should remain unchanged. The remuneration policy for SPH is that no bonus payments are offered as the packages on offer are competitive.

### **Policy on income derived from external activities**

The Colleges Senior Post Holder Remuneration Code states that

*'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.'*

The College includes an exclusivity of service clause in its SPH employment contract, which requires an SPH to obtain express permission for additional external work (whether or not it is remunerated). There were no instances of remunerated external work taking place at the time of the meeting. In the event of an SPH requesting approval of external work, the Chair of Remuneration Committee would consult with the Chair of the Corporation and with fellow members of the Committee to determine how much, if any, of the additional remuneration the SPH would be permitted to retain and the grounds for this. This decision would be recorded in the minutes of the next meeting of the Committee.

### **Pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce**

Year	Pay Multiple of the CEO/Principal	Median earnings of the institution's whole workforce
2018/19	6.6:1	£30,364
2017/18	8.9:1	£30,364
2016/17	8.1:1	£30,063

#### **Comparative Pay Multiple Data**

FTSE 100 company (2017) <sup>4</sup>	129:1
AIM Market <sup>5</sup>	Not published
Local Govt CEO (2014) <sup>6</sup>	6.3:1 {to be updated if possible}
FE Colleges	Not yet available

<sup>4</sup> [http://www.cipd.co.uk/Images/7571-ceo-pay-in-the-ftse100-report-web\\_tcm18-26441.pdf](http://www.cipd.co.uk/Images/7571-ceo-pay-in-the-ftse100-report-web_tcm18-26441.pdf)

<sup>5</sup> AIM is the London Stock Exchange's international market for smaller growing companies. Note that the median CEO salary on AIM companies was £248k in 2017 – [AIM DIRECTORS' REMUNERATION REPORT 2018 \(BDO\)](#)

<sup>6</sup> <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf>

### **Explanation of any Significant Change**

There has been significant change in the membership of the governing body following the FE Commissioner's intervention. The policies in respect of senior post holder remuneration reflect the circumstances of the College and the financial challenges it faces, consistent with the need to recruit high calibre staff required to achieve the College's recovery plan. The Committee's policy is that performance related pay is not appropriate in the current environment. The pay multiple of the CEO to median earning of College employees has accordingly reduced.