

West London College's Senior Post Holder Remuneration Annual Statement to the Governing Body, 2021-22 and SPH remuneration policy

Introduction

This report is produced in accordance with the AoC Colleges' Senior Post Holder Remuneration Code.¹ The 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 statement will be published on the College website for transparency and ease of access.

The WLC Board adopted The Colleges' Senior Post Holder Remuneration Code at its meeting held on May 2019. The Code was developed by the Association of Colleges Governors' Council and was published in December 2018.

The Committee introduced a Remuneration Policy for Senior Post Holders in July 2019 to comply in full and this is contained within this report.

Background

The Instrument and Articles of Government of Ealing Hammersmith and West London College (EHWLC)² 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*".

The Remuneration Committee's terms of reference (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

¹ <https://www.aoc.co.uk/funding-and-corporate-services/governance/governance-resources/colleges-senior-post-holder>

²

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*
- *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.'

The membership of the Remuneration Committee comprises five 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.
- Other senior post holders shall withdraw when matters relating to their remuneration and performance are considered.
- The Director of Governance 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.

Committee membership

Membership:	Eligible to attend	Attended
Callum Anderson (Chair) September 2021 – July 2022	2	2
Ian Comfort	2	2
Phillip Kerle (Chair from July 2022 -)	2	1
Maria Vetrone	2	2
Robin Ghurbhurun	2	2
Andrew Baird	1	1
Attendees:		
Karen Redhead – CEO	2	2
Ra Hamilton-Burns – GP and Clerk	2	1

Committee meetings during 2021-22

- 11 November 2021
- 14 September 2022

Remuneration process

The College's Remuneration Committee met on 11 November 2021.

At the meeting it

- received a summary of the staff survey of June/July 2021. Detailed actions were outlined to address issues urgently.
- received details of the review of performance of the Chief Operating Officer and Deputy Principal, Curriculum and Quality and agreed on targets for the post holders
- recommend any changes to pay of senior post holders. The Chief Executive withdrew from the meeting where there was discussion of the performance and targets of the Chief Executive. Senior Post Holders
- received details of the review of performance of the Clerk/interim Governance Advisor. The Clerk withdrew from the meeting for discussions concerning the Director of Governance / Clerk to the Corporation.
- The Committee reviewed and agreed to recommend the SPH annual statement to the Board for 2020/21
- The Committee reviewed and agreed to circulate guiding principles for salary increments in place of salary requests for recommendation to the Board.

The College's Remuneration Committee met on 14 September 2022

At the meeting it:

- received details of the review of performance of the Chief Operating Officer and Deputy Principal, Curriculum and Quality, Deputy Principal Strategy, Planning and Communications and the interim Governance Advisor and agreed on targets for the post holders
- received an update on the recruitment of the new DPSPC

- (iii) Reviewed the first draft of the SPH report and agreed that the format was appropriate and that the final version should be circulated to members prior to inclusion in the annual statements

Who are the 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)
- Deputy Principal (Strategic planning and Communication)
- Chief Operating Officer
- Director of Governance and Clerk to the Corporation

SPH 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

1. Principles for deciding senior post holder pay

Decisions made in relation to senior post holder remuneration ensure a balance between recruiting and retaining the best staff, delivering the best outcomes for students and ensuring that College resources are used efficiently and effectively.

The SRP Committee approved a Remuneration Policy for Senior Post Holders in full consideration of the Association of Colleges' Senior Post Holder Remuneration Code¹ which provides a set of principles to be applied when considering senior post holder pay and conditions and a procedure to support the making of such decisions.

The Board is responsible for ensuring that senior post holders receive fair, appropriate, and justifiable levels of remuneration that recognise:

- a. individuals' contributions to the College's success; and
- b. the need to recruit, retain and motivate post holders of the appropriate calibre
- c. whilst also ensuring that the College demonstrates value for money.

The Board applies the following principles when making decisions relating to senior post holder remuneration:

a. The Value of the Role: 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 the 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. The value of different senior posts may vary in a number of ways, including the complexity of the role, accountability, levels of discretion in relation to decision making and the impact that the role has on students, employees and other stakeholders, as well as the financial sustainability of the College.

Consideration should also be given to the knowledge, specialist skills and experience and professional credibility required.

b. Performance in Support of Strategic Objectives: An assessment of performance in relation to senior post holders' objectives should be considered, with reference to the College's key performance indicators. There must be a robust and consistent process for setting objectives and assessing progress, to ensure that post holders are clear as to what is expected of them by the Board. This should include the definition of what is 'normal' and 'exceptional' performance.

c. Market Factors: In considering the value of each role, due attention should be taken of market rates for comparable roles within the sector, including factors such as location, size and complexity of the College. It is important that salaries remain competitive with comparable roles within the sector if the College is to recruit and retain the highest quality College leaders.

d. Affordability: Any changes in remuneration for post holders must take into account the College's overall financial position.

e. Public Context: The Board is publicly accountable and therefore must ensure transparency in relation to the setting of senior post holder remuneration whilst being considerate of public consciousness, when doing so. This should include considering the College's approach to rewarding all its staff and how senior post holders' remuneration, and any proposed increases, compare with the College workforce (median average earnings) and the impact of any proposed changes.

f. Parity and fairness: The Board must consider matters of equality and inclusion to ensure that there are no biases pertaining to any protected characteristics in the setting of pay. Relevant benchmarking data, obtained from the Association of Colleges and other relevant sources, will also be used to enable external comparison.

Severance Payments

The Board will comply with the Association of Colleges' Senior Post Holder Remuneration Code in relation to the treatment of severance payments. Any severance payment made by the College to a senior post holder must be reasonable, appropriate, and justifiable. Where severance payments are under consideration, advice should be taken from the external auditor to ascertain the legitimacy of any proposed payment. In line with the College Finance Contract with the ESFA, the Board must draw any such payments to the attention of the College's regularity auditor.

Equality Analysis

By virtue of the provisions of the [Equality Act 2010](#), the Board has a duty to have due regard to the need to:

- a. eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- b. advance equality of opportunity between people of different groups
- c. foster good relations between people from different groups

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 Colleges' Senior Pay Survey. The Committee considered salary data for colleges in London and the Southeast with a turnover of £30m - £40m. This is consistent with the College's actual turnover of £31.828m in 2021/22. In recognition of the difficulties faced by the College in recruiting high calibre staff, salaries offered are above benchmark colleges.

In 2021/22 as in the previous year. the Committee decided not to recommend a pay award for senior post holders, which is consistent with the policy for all College staff. 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 a 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 a 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.

1. Ratio to lowest full-time equivalent salary

When considering the remuneration of senior post holders, the Board considers the ratio of the lowest full-time equivalent salary paid to a member of staff to the salaries paid to the senior post holders.

The College’s definition of its lowest full-time equivalent salary in 2021-22 was support scale Business Administration Apprentice which is 17189

The lowest paid posts are apprentices, General Assistant/Catering and Compliance Officer

Based on this figure, the ratio for the College’s CEO’s salary is 5.6:1 for 2021/22 compared to 5.7:1 in 2020/21

2. Ratio to median pay of all employees - In addition, in accordance with the Code, the Board is required to disclose the relationship between the CEO’s emoluments and that of all other employees as a pay multiple, expressed as follows:
-The CEO’s basic salary divided by the median pay of all other employees (all on a full-time equivalent basis). The College’s median pay for all other employees in 2021-22 was 5.7 (as at 31 July 2021) compared to 2020/21 which was 5.7. The Fair Pay Review published in the Hutton Report³ for the public sector noted that it would not be fair or wise to impose a single maximum pay multiple across the public sector, but that there is real merit in disclosing how executive’s remuneration relates to the pay of their wider workforces. The recommendation in the Hutton Report is to provide a multiple statement demonstrating the percentage of change, ratio and justification annually. The College’s pay multiple based on the College’s CEO’s basic salary is 5.6 compared to 5.7 and based on the CEO’s total emoluments is 0 in 2021/22.

Explanation of any Significant Change

There has been significant refreshment and strengthening of 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

³ [frem hutton review fairpay additional guidance update 2012-13.pdf \(publishing.service.gov.uk\)](#)

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.

RHB December 2022