

## Annual statement to the governing body on senior post holder remuneration 23/24 and SPH remuneration policy

### Introduction

This report is produced in accordance with the Association of Colleges' Senior Post Holder Remuneration Code ("the Code"). The Code includes a 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 Corporation of Ealing, Hammersmith and West London College adopted the Association of 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 Corporation introduced a Remuneration Policy for Senior Post Holders in July 2019 as part of its commitment to the Code and this is contained within this report.

### Background

The Instrument and Articles of Government of Ealing Hammersmith and West London College (EHWLC) 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". A senior post holder is directly accountable to the Board, and the Board has direct responsibility for matters relating to their employment.

### Who are the College's senior post holders?

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

- CEO/Principal
- Deputy Principal (Curriculum and Quality)
- Deputy Principal (Planning, Partnerships and Projects)
- Chief Operating Officer
- Director of Governance

### The Committee's responsibilities

The terms of reference of the Search, Governance & Remuneration Committee were approved by the Corporation on 18 October 2022. They state that the core tasks of the Committee relating to remuneration are:

18. Following appraisal by the Chair and Vice-Chair of the Corporation, to agree and recommend to the Corporation the objectives for the CEO, Senior Post holders and the Director of Governance.

19. To consider and recommend to the Corporation a report on the achievement of the objectives for the CEO, Senior Post holders and the Director of Governance.

20. Having regard to the AoC SPH Remuneration Code, to recommend to the Corporation Board the remuneration and other terms and conditions of employment of the CEO, Senior Post holders and the Director of Governance.

21. Review at intervals the probation, capability, disciplinary, grievance and performance management policies for the CEO, Senior Post Holders and the Director of Governance.

22. To receive and consider suggested modifications to the staffing structure in relation to Senior Post holders.

23. Subject to the provisions of the Articles of Government, to recommend to the Corporation redundancy, premature retirement proposals and any other severance proposals for senior post holders.

The Committee is chaired by an external governor. The members of the Committee are the Chair of the Corporation, and the Chairs of the Audit, Curriculum & Quality and Finance & General Purposes Committee (the latter of whom is also the Vice Chair of the Corporation).

The CEO/Principal attends the Committee and advises on matters other than their own remuneration, in accordance with the stipulations of the Code. The CEO/Principal and Director of Governance withdraw in accordance with the provisions of the Instrument & Articles of Government.

### Committee membership

Membership	Eligible to attend	Attended
Adrien Ong (Chair)	4	4
Ian Comfort	4	3
Phillip Kerle	4	4
Rachael Fisher	4	4
Robin Ghurbhurun	4	2
<b>Attendees</b>		
Karen Redhead (CEO/Principal)	4	3
Richard Ward (Director of Governance)	4	4

### Committee meetings

The Committee was formed on 18 October 2022 by a decision of the Corporation to amalgamate the Remuneration Committee with the Search & Governance Committee. On 21 November 2024, the Committee:

- Considered the performance and objectives of the senior post holders, in line with the College's performance management arrangements.
- Agreed to recommend the Senior Post Holder remuneration policy, which included relevant benchmarking data (by turnover and location).
- Considered a draft of this statement, ahead of the Board's meeting on 10 December.

## SPH Remuneration Policy

The Corporation has decided that the following principles should inform the College's approach to SPH 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.

## Other factors taken into account when determining SPH remuneration

The AoC Remuneration Code requires that SPH 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.”

The Remuneration Committee previously decided not to recommend pay awards for senior post holders in light of the fact that the College was in intervention with a financial notice to improve and that pay awards were not made to college staff in the years concerned. The Corporation has also made a policy of not recommending bonus payments on the grounds that salary packages on offer are competitive.

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## Choice of comparator colleges

In determining the remuneration packages of each SPH role, the Committee considered benchmarking data 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 £36.337m in 2023/24.

## Policy on income derived from external activities

The Association of 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 Search, Governance & Remuneration Committee would 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 2023/24 was support scale General Assistant/Catering which is £23,608. Based on this figure, the ratio for the College’s CEO’s salary is 8.5:1 for 2023/24 compared to 10.2:1 in 2022/23.

### 2. Ratio to median pay of all employees

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).

Year	Median FTE earnings of the institution's whole workforce	Pay multiple of the CEO/Principal to the median FTE
2023/24	£36,890	5.4:1
2022/23	£36,925	5.4:1
2021/22	£35,711	5.6:1
2020/21	£35,021	5.7:1
2019/20	£31,214	6.4:1
2018/19	£30,364	6.6:1

The Fair Pay Review published in the Hutton Report 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.

#### Explanation of any significant change

There has been no significant change in the pay multiple in the last year. 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 continue the College's recovery plan. The Committee's policy has been that performance related pay is not appropriate in the current environment.