

THE CORPORATION OF USP COLLEGE

THE COLLEGES' SENIOR POST HOLDER REMUNERATION CODE - ANNUAL STATEMENT TO THE GOVERNING BODY 2018/19

In accordance with its Articles of Government, the Corporation has established a Remuneration Committee to review all matters relating to the employment, pay and conditions of service and the training and development of those roles designated as Senior Post Holders within the College. The Committee then makes recommendations as appropriate to the Corporation Board.

The roles designated as Senior Post Holders during the period 1 August 2018 to 31 July 2019 were:

Principal & Chief Executive
Chief Operating Officer
Vice Principal Partnerships, Funding & Business Planning
Clerk to the Corporation

The membership of the Remuneration Committee during the year comprised three independent members of the Corporation Board:

Phillip Lennon (Chair)
Gordon Haines
Graeme Loveland

The Remuneration Committee normally meets annually and, during 2018/19, it met on 9 July 2019. At this meeting, the Committee recommended to the Corporation Board the adoption of the Association of Colleges' 'The Colleges' Senior Post Holders Remuneration Code' (the Code) as part of the Code of Good Governance for English Colleges. The Corporation Board accepted this recommendation and adopted the Code at its meeting on 16 July 2019.

The principles of the Code apply to all decisions affecting the remuneration of Senior Post Holders and the College has applied them in full.

As part of the compliance with the Code, the Remuneration Committee produced an annual report to the Corporation Board which reflected the work of the Committee over the year and, in particular, demonstrated that the remuneration for senior staff is fair and appropriate. Based on this annual report, the College must then publish a readily accessible annual statement.

There are three key elements that the Committee adopts to demonstrate that the remuneration of Senior Post Holders is fair and appropriate:

- 1) **A fair, appropriate and justifiable level of remuneration.** This involves consideration of:
 - a clear understanding of the responsibilities, context and expected contribution of a role
 - the attributes required to undertake that role effectively
 - the recognition of an individual's contribution in their role to the success of the College
 - the ability to recruit, retain and motivate staff of appropriate calibre in the context of the market
 - demonstrating value for money in the use of resources

2) Procedural fairness. This requires:

- a process that has competent people applying a consistent framework using appropriate evidence
- independent decision-making, specifically ensuring that:
 - the Remuneration Committee is not chaired by the Chair of the Corporation Board
 - the Principal & Chief Executive is not a member of the Committee
- no individual being involved in deciding their own remuneration
- remuneration is set in the consideration and context of the approach to rewarding all staff

3) Transparency and accountability. This requires that:

- the process must relate to the competitive environment, the value of the roles and institutional performance
- the remuneration of the Principal & Chief Executive must be separately justified, published and related to the remuneration of all staff within the College
- the College publish a readily accessible annual statement that is based on the Remuneration Committee's annual report to the Corporation Board

Policy on Remuneration

The College operates within a highly competitive environment in the South East of England for suitably experienced professionals with the appropriate levels of expertise to manage a merger of two Grade 3 colleges into a unified new college seeking to achieve an improved grading. Consequently, the College must strike a practical balance between recruiting, retaining and rewarding the best staff possible and the effective use of its resources.

The levels of responsibility and the skills required for each Senior Post Holder are clearly defined and are linked to the College's own pay scales which have been approved by the Corporation Board.

All staff, including Senior Post Holders, undertake an annual appraisal with their line manager when performance against objectives is reviewed and new objectives set. Regular 1:1s continue throughout the year so that objectives can be continually monitored. The line manager for the Principal & Chief Executive and Clerk to the Corporation is the Chair of the Corporation and, for the Chief Operating Officer and Vice Principal Partnerships, Funding & Business Planning, the line manager is the Principal & Chief Executive.

All Senior Post Holder roles are reviewed annually for any pay increases. In doing so, the Remuneration Committee takes into account the following specific factors:

- the nature of the role including the experience and skills required
- the individual's appraisal, especially their performance against objectives
- the agreed College objective regarding recruitment and retention – which is to continue to offer salaries to the Senior Post Holders within the upper quartile of those offered to holders of comparable posts in the South East of England.

- the guidance given by the Association of Colleges in their latest Senior Pay Survey, based on holders of comparable posts with reference to location and size (annual income) of the College (acknowledging that this guidance is normally a year out of date and refers only to base salary and not the total remuneration package).
- the general economic environment in which the College operates, particularly with reference to market rates and competition, as well as the specific state of the College's finances regarding affordability.

As part of this policy on remuneration, the College:

- does not apply performance related pay and does not operate an annual bonus system
- can confirm that there is no income generated from external bodies by any Senior Post Holder in a personal capacity
- has a single policy on expenses that applies to all staff, including Senior Post Holders

Pay Multiple of the Principal & Chief Executive and the median earnings of the College's other staff

The total remuneration for the Principal & Chief Executive comprises salary plus employer's pension contributions and is disclosed in the College's annual Financial Statements. This remuneration is then related to the remuneration of all other staff within the College (excluding sessional staff where there is no full-time equivalent) and expressed as a 'pay multiple'.

Year	Pay Multiple of the Principal & Chief Executive	Median earnings of all other College staff
2018/19	6.9:1	£25,767
2017/18	6.9:1	£23,403

This is the first year of reporting this pay multiple and, at, present there are no published averages which can be used as a comparator.