

Senior Post Holder (SPH) Remuneration Annual Report 2023-24

1. Background

The **Remuneration Committee merged with the Governance and Search Committee** at the start of the summer term 2024. The membership of the new Committee is made up of all Committee chairs. The rationale was to create a more efficient and streamlined governance model and ensure succession by extending the membership to more senior Governors.

The Committee's **Terms of Reference** can be found in Appendix 1.

Membership of the Committee and attendance at meetings to 31 July 2024 was as follows:

- 3 November 2023 (Remuneration)
- 21 June 2024 (Governance, Search & Remuneration)

Name	Category of Member	Attendance (actual v expected)
Barbara Hobday (Committee Chair)	Mercer Governor	2/2
Graham Lawrence (Chair of Governing Body)	Independent Governor	2/2
Ann Donoghue (Deputy Chair/Chair of Finance & General Purposes)	Independent Governor	2/2
Dan Lodge	Principal	2/2
<i>From Summer term 2024</i>		
Dr Grant Powell (Chair of Quality & Curriculum)	Mercer Governor	1/1
Steve Allen (Chair of Estates)	Independent Governor	1/1
Dom Valente (Chair of Audit & Risk)	Independent Governor	1/1

2. Approach to Remuneration

The following roles are designated as **Senior Post Holders (SPH)** and therefore fall within the remit of the Committee's reporting:

- Principal
- Deputy Principal

The remuneration of the following post-holders are also considered by the Committee (although remuneration is not subject to public disclosure):

- Vice Principal (Pastoral)
- Vice Principal (Curriculum)
- Finance Director
- Director of Governance

3. The Governance Code

The Governing Body adopted the **FE Code of Good Governance** from the point of the 2022-23 accounts which includes Annex 1 SPH Remuneration Code.

The Committee are committed to the following principles:

- A framework for remuneration which is fair and informed by information about the range of salaries and the median earnings of all staff and the College's ability to pay;
- Decision-making processes for remuneration that are fair, transparent and accountable.

4. Relevant Frameworks

The Committee takes into account the following:

- The use of public funds, in particular, with reference to HM Treasury Senior Pay Controls;
- Performance and achievement evidenced through each individual's annual appraisal discussion;
- The College's position against national and regional benchmarks;
- Salary levels within the sector;
- The financial health of the College;
- The overall performance of the College;
- Inflationary impacts;
- Other relevant factors such as pension provision;
- Environmental factors affecting the College;
- The Equality and Diversity Policy;
- The College's Mission, Vision and Values;
- The Nolan Principles of Public Life

In advising the Governing Body, the Committee will consider:

- Appropriate remuneration and other terms and conditions;
- The effectiveness of the appraisal process and the extent to which performance targets are met;
- The detailed accountabilities of job descriptions;
- Any concerns in relation to capability or conduct;
- Career ambitions and development plans;
- Factors impacting retention and succession planning

The data that supports these indicators is drawn from the following sources:

- Data published by the ESFA – [college accounts](#)
- SFCAL Leadership Pay and annual sector work force surveys
- AoC Senior Pay survey (where appropriate)
- NJC pay framework

5. Institutional Performance

The College was inspected by Ofsted in December 2021 and judged 'Good' with judgement of 'Outstanding' for Behaviour and Attitudes.

In its letter of April 2024, the Education and Skills Funding Agency confirmed a financial health grading of 'Outstanding' for 2023-2024 (the latest outturn forecast year).

6. Remuneration Comparison

The table below outlines the total remuneration for the Principal, with year on- year comparator data, as follows:

Emoluments of the Principal	2023-24 £	2022-23 £
Salary	120,542	109,167
Performance related pay	N/A	N/A
Benefits	N/A	N/A
Sub-total	120,542	109,167
Pension costs	30,569	25,851
Total	151,111	135,018

The Governing Body does not operate a system of performance related pay for the Principal.

The current value for the College of the pay multiple of the Principal's earnings against the median of all staff is 3.0

7. Terms of Appointments

- The College includes an exclusivity of service clause in its SPH employment contract
- There were no instances of the Principal retaining income generated from external bodies during the year
- The notice period for all SPHs is 6 months.

8. Severance or Special Payments

There was no severance or any other special payments made to Senior Post-Holders during the period 1 August 2023 to 31 July 2024.

9. Expenses Policy

The College operates a single expenses policy. The expenses of the Deputy Principal and the rest of the Senior Management Team are approved by the Principal. The expenses of the Principal and Director of Governance are reviewed and approved by the Chair of the Governing Body.

Appendix 1 Terms of Reference

TERMS OF REFERENCE OF
THE GOVERNANCE, SEARCH AND REMUNERATION COMMITTEE
OF THE GOVERNING BODY

Aim

The purpose of the Governance, Search and Remuneration Committee is to consider the standards and quality of governance including that relating to executive governance which covers the performance management and remuneration of Senior Postholders (SPHs), SMT and the Director of Governance. Included in this remit, the Committee will also have regard to and make recommendations on appointments with a focus on succession relating to both governance and leadership.

Membership

The members of the Governance, Search and Remuneration Committee shall be:

- The Chair of the Governing Body (or their delegate);
- The Deputy Chair(s) of the Governing Body (or their delegate);
- The Principal;
- Committee Chairs (or their delegates)

Where possible, the Governor members should be representative of both Mercer and Governing Body appointees.

A quorum shall be three members.

The Chair shall be one of the Governor members (excluding the Principal) elected annually at the summer term meeting of the Governing Body.

Responsibilities

The functions of the Governance, Search and Remuneration Committee are to: -

1. Determine the suitability of governance arrangements:
 - The procedures for appointment or re-appointment of Governors and the College appointed Trustees of the Collyer Endowment by the Governing Body;
 - The skills and experience required by Governors, advising the Governing Body on appropriate succession and implementation accordingly;
 - The policy and programme for the training and development of Governors including the induction for new Governors;
 - Performance indicators for governance and monitor progress against them.

2. Consider the standards of governance and make recommendations to the Governing Body on:
 - Proposed modifications to the Instrument of Government (in accordance with section 29 of the Further and Higher Education Act 1992) and proposed modifications to the Articles of Government. (Ref Article of Government 9(1)(f))
 - The composition and balance of the Governing Body and its committees including Chairs and deputies;
 - The appointment/non-appointment, suspension, or dismissal of a Governor;
 - The governance quality improvement plan arising from the self-assessment of governance;
 - The arrangements for a triennial external governance review (EGR), making

recommendations to the Governing Body on a suitable, independent reviewer.

The Committee will also make recommendations to the Court of Assistants of The Mercers' Company, where appropriate, on the composition and balance of the Governing Body and on the procedures for appointment or re-appointment of Governors.

3. Specific to the remuneration of SPHs, SMT and the Director of Governance, consider and make recommendations to the Governing Body on:
 1. Succession planning and the policy and procedures for the recruitment and if necessary dismissal, of SPHs and the Director of Governance;
 2. The grading, appraisal, suspension and pay and conditions of service of the holders of SPHs, and the Director of Governance;
 3. The annual remuneration of SPHs and the Director of Governance on the basis of the appraisal and review of targets undertaken by the Chair of the Governing Body;
 4. Any severance arrangements in the event of early termination of employment of the holders of SPHs and the Director of Governance;
 5. The recommendations of the Principal with regard to the remuneration of the SMT taking account of their annual appraisal and the College's Pay Policy;
 6. The consideration of any structural changes or changes in operating models affecting SPHs and SMT roles.

The Committee may consider any other relevant matters delegated by the Governing Body from time to time.

Any financial implications of the above will be advised to the Finance & General Purposes Committee, prior to recommendation to the Governing Body - as a recommendation of the total monies required to ensure that these are within the budget.

The Committee will take regard to ESFA guidance specifically related to senior pay controls issued since reclassification to ensure adherence with the principles of MPM. This also includes seeking consent for compensation and severance payments and ex-gratia payments for SPHs where applicable.

Proceedings

The Committee will meet once per term.

The Director of Governance will service the Governance, Search and Remuneration Committee. Decisions on remuneration of the Director of Governance will be recorded in a confidential minute by a member of the Committee who will act as clerk for that part of the meeting.

The Principal will withdraw where matters of their own appraisal and pay are to be discussed.

A report of the Committee's work with regards to SPH pay will be published in the College's Financial Statements as will information about the remuneration of key management personnel.