



education  
training  
collective

## ANNUAL REMUNERATION STATEMENT 2020-21

### 1. Introduction

At its meeting on 11 November 2021, the Remuneration Committee agreed a detailed Annual Remuneration Report, which was presented to the FE Corporation on 9 December 2021. This statement, which is available on the college website, details key issues arising from this.

### 2. Remit and Membership

The Remuneration Committee has responsibility for all matters relating to the remuneration and terms and conditions of the College's Senior Post Holders and the Clerk to the FE Corporation.

The College's Senior Post Holders in 2020-21 were:

- Chief Executive and Group Principal – Phil Cook
- Group Executive Director Planning and Infrastructure – Phil Hastie
- Group Executive Director Finance – Fiona Sharp

The Clerk to the Corporation was Sarah Thompson

Remuneration Committee membership for the 2020-21 academic year was

- Richard Poundford (Independent Governor, Committee Chair)
- Russ McCallion (Independent Governor, Committee Member)
- Dot Smith (Independent Governor, Committee Member)
- Mark White (Independent Governor, Committee Member, Chair of the FE Corporation)

Remuneration Committee membership for the 2021-22 academic year is: Mark White, Dot Smith, Stuart Blackett (Independent Governor, Corporation Vice Chair) and Louise Davies (Independent Governor).

The Chief Executive, Phil Cook, attended the meeting held in 2020-21 but left during discussions regarding his own remuneration and terms and conditions. The Clerk to the FE Corporation clerked the meeting of the committee but left during discussions concerning her own remuneration and terms and conditions.

The Committee held one meeting during 2020-21 – on 12 November 2020. Three of four members attended the meeting (Richard Poundford, Dot Smith and Mark White, 75% attendance). The meeting considered: performance of senior post holders and the Clerk; targets for the following year; terms and conditions, including remuneration; performance of other senior managers; succession planning; and use of performance-related pay in the organisation. The committee also agreed an Annual Remuneration Report and Statement.

### 3. Terms of Reference

The committee's terms of reference for 2020-21 are attached to this report as Annex A. The terms of reference were reviewed in November 2020 and amendments agreed by the FE Corporation to

update terminology and provide additional clarity in relation to the definition of holders of senior posts.

#### **4. Remuneration Policy**

The Corporation's approach to remuneration for senior post holders aims to ensure that the Group is able to recruit, retain and reward the best staff possible, to deliver the Group's strategic objectives and the best outcomes for students, local communities and the economy, while demonstrating effective and efficient use of resources. When determining remuneration, the committee takes into account the context in which the college is operating, including economic factors, competition, market rates and the value delivered by the individual within the role based on a number of components

The college is a general further education provider and offers a range of provision across vocational and professional qualifications, from Entry Level up to Higher Education. There is substantial apprenticeship and adult education provision.

The committee reviews senior post holder salaries at least annually and takes account of national benchmarking information provided by the Association of Colleges, as well as regional and national context. The committee accesses internal and external advice on pay as required.

The FE Corporation applies any general pay award to staff to senior post holders.

There were no additional pay awards and no performance-related payments to Senior Post Holders in 2020-21.

Senior Post Holders receive pension benefits in line with the schemes available to staff, i.e. Teachers' Pension Scheme or Local Government Pension Scheme.

There are no additional benefits packages made available to Senior Post Holders.

#### **5. Senior Post Holder Performance Review**

Individual objectives and priorities for the Chief Executive and Clerk are discussed with the Chair of the Corporation and formally agreed annually with the Remuneration Committee. The Chief Executive agrees annual objectives with the Group Executive Director Planning and Infrastructure and Group Executive Director Finance and these are reported to and ratified by the Remuneration Committee. Objectives reflect the focus for individual roles as well as institutional priorities. The Group's key strategic goals are agreed by governors each February for the subsequent year.

#### **6. Pay Multiples**

In line with the College Accounts Direction, the pay multiple for the Chief Executive for 2020-21 will be included in the annual report and final accounts. In 2020-21, the Chief Executive's basic salary as a multiple of the median of all staff was 6.63:1 and the Chief Executive's total remuneration as a multiple of the median of all staff was 7.78:1. The pay multiple in respect of basic salary has slightly declined (by 0.2 from 6.8:1 in 2019-20) and this is a trend for the past two years, reflecting increases in e.g. national minimum wage. The pay multiple for total remuneration has very slightly increased (by 0.3 from 7.5:1 in 2019-20) and is in line with the position from 2018-19, reflecting increased teacher pension scheme payments. Information was not collated prior to 2018-19, so it is not possible to identify changes prior to this or more general trends.

Comparative information for 2020-21 is not yet available but comparative information in respect of North East colleges was considered by the Remuneration Committee. The committee has previously determined that comparator colleges will be selected on the basis of income, provision type and geographic location. The committee considered comparative information in respect of North East colleges as well as information from the Association of Colleges' most recent Senior Pay Survey. The committee identified that the pay multiple for the Chief Executive is broadly in line with the pay multiple in colleges with a similar level of income and similar type of provision and within the range of pay multiples across the Further Education sector. Governors believe that the Chief Executive's salary reflects the diversity of the Group's provision across a number of campuses, as well as the need to ensure continuing progress following merger in 2018.

#### **7. Equality considerations**

There were no instances where there was a gender-related difference in salary for roles of the same type for Senior Post Holders in the College.

Gender pay gap data for the College Group was considered at the June 2021 Finance and Employment Committee meeting and the gender pay gap report was published on the College website and appropriate government website.

#### **8. External appointments and expenses**

At its meeting in October 2019, the Remuneration Committee determined that, as a general principle, it was anticipated that Senior Post Holders would not retain income from external appointments and any external income would be repaid to the College. However, circumstances would be considered on an individual basis, with any retention of income approved by the Remuneration Committee for the Chief Executive and by the Chief Executive for other Senior Post Holders (the Chief Executive would report this on to the next meeting of Remuneration). Exceptions could include appointments that were unrelated to a College role and where involvement was wholly outside College time, or appointments where a set payment was made in lieu of expenses that were met wholly by the individual. This expectation is now included in Senior Post Holders' contracts of employment.

Signed:



Stuart Blackett  
Chair of Education Training Collective Remuneration Committee

**REMUNERATION COMMITTEE – TERMS OF REFERENCE 2020-21**

Composition:	Minimum of three members, no staff or student members are permitted While the Chief Executive is not permitted to sit on the committee as a formal member, he will usually attend all meetings as an adviser (leaving meetings when his own performance and remuneration is under consideration)
Quorum:	40% of committee membership, subject to minimum quorum of 3
Attendance:	The Corporation attendance target is 80%. Committee members are therefore expected to attend the one meeting scheduled in 2020-21
Chair:	Selected by committee, reviewed annually The Corporation Chair cannot chair the Remuneration Committee.
Meetings:	At least one meeting annually
Public access to meetings:	By chair's invitation, with members' approval - see Standing Orders Section 12
Conduct of meetings:	See Standing Orders Section 5
Minutes:	Approval, see Standing Orders Section 4 vi
Minutes:	Circulation/publication – see Standing Orders Section 10
Key functions and delegated powers:	<ol style="list-style-type: none"> <li>1. To conduct its business in accordance with the provisions of the Colleges' Senior Post Holder Remuneration Code, as adopted by the FE Corporation on 17 October 2019.</li> <li>2. To review the performance of the Chief Executive, other holders of senior posts<sup>1</sup> and the Clerk (taking into account the Chair's appraisal of the Chief Executive and Clerk and the Chief Executive's appraisal of other senior post holders)</li> <li>3. To agree performance objectives for the Chief Executive, senior post holders and the Clerk, on the advice of the Corporation Chair and Chief Executive, as appropriate, and report these to the Finance and Employment Committee</li> <li>4. To consider terms and conditions of service, including job descriptions and remuneration for the Chief Executive, holders of senior posts and the Clerk to the Corporation and make</li> </ol>

<sup>1</sup> The terms 'holders of senior posts' and 'senior post holders' refer to employees appointed to posts designated as 'Senior Post Holders', currently the Chief Executive, Group Executive Director Planning and Infrastructure and Group Executive Director Finance. The committee may consider the performance of other senior managers but this is not a formal element of the committee's remit and decisions about the terms and conditions of senior managers other than designated 'Senior Post Holders' are the responsibility of the Chief Executive.

	<p>recommendations to the Finance and Employment Committee.</p> <p>Panels for the appointment of senior post holders will include at least one member of the Remuneration Committee.</p> <ol style="list-style-type: none"><li data-bbox="528 443 1342 555">5. To consider equal pay matters and ensure the College Group's equality and diversity policy is taken into account when considering staff pay.</li><li data-bbox="528 607 1310 842">6. To consider any severance payments to the Chief Executive, holders of senior posts and the Clerk to the Corporation, in accordance with the Remuneration Code, including seeking any legal advice from the external auditors, and to make recommendations to the Finance and Employment Committee.</li><li data-bbox="528 898 1342 1133">7. To demonstrate to the public that the pay of the Chief Executive, holders of senior posts and the Clerk to the Corporation is set by a committee that has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the College Group.</li><li data-bbox="528 1182 1342 1294">8. To prepare an annual report on remuneration for presentation to the Corporation and an annual Remuneration statement for publication.</li></ol>
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