



The Colleges' Senior Post Holder Remuneration Code

Version:

Final

Author:

**Association of Colleges
Governors' Council**

Date Issued:

26th March 2019

Date Approved:

**Adopted by the Corporation
26th March 2019**

**Impact Assessment
Completed**

(Yes, No or Not Applicable)

If No or not Applicable,
give your reason

YES

Date of Next Review:

April 2022

Equality Impact Assessment Form

The completion of the Equality Impact Assessment (EIA) will help us to ensure that our policies, procedures and practices do not discriminate or disadvantage people and also improve or promote equality.

In relation to: disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

1. Please explain if you identified any inequalities or possible discrimination in the policy, procedure or practice?

It is believed there will be no impact; neither positive nor negative; and therefore the impact of this policy on protected characteristic groups will be neutral.

The procedure has been developed to apply equally to all Senior Post-holders, irrespective of protected characteristic.

2. If identified, how have you changed the policy, procedure or practice to remove or mitigate the inequality or discrimination?

N/A

3. Any follow up actions required?

N/A

1. Purpose

The Senior Post Holder Remuneration Code (the Remuneration Code) forms part of the AoC Code of Good Governance in England as of December 2018.

Fair and appropriate remuneration is key to the success and development of the college sector. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions and, in doing so help to protect institutional and sector reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.

2. Scope

The Code applies to all remuneration decisions affecting the emoluments of the Principal and other Senior Post Holders as determined by the Corporation.

3. Responsibility

The Corporation following review by the Remuneration Committee

4. The Remuneration Code

Elements of fair and appropriate remuneration

Fair and appropriate remuneration¹ requires three key elements – namely that there is:

- i. a fair, appropriate and justifiable level of remuneration;
- ii. procedural fairness; and
- iii. transparency and accountability.

¹Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

Each of these elements are underpinned by several supporting principles.

Element I - A fair, appropriate and justifiable level of remuneration

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 their 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.

Principles

- a) Remuneration should take account of the context in which the college operates.

- b) Remuneration must be linked to the value, based on a number of components, delivered by the individual within the role.
 - c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
 - d) Colleges should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There must be a robust and consistent process for setting objectives and assessing an individual's contribution.
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- e) Remuneration can vary according to individual performance. However, the decision to apply performance-related pay is for individual colleges to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.
 - f) Except in the case of incremental progression, any awards made in respect of annual performance related payments linked to the achievement of specific annual objectives should not be consolidated.
 - g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
 - h) Non-achievement of an individual's expected contribution should be clearly addressed through performance management.
 - i) Any severance payments must be reasonable and justifiable.
 - j) 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.

Element II – Procedural fairness

Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision-making using appropriate evidence and assessing the value of roles, the contexts and individuals' performance in them.

Principles

- a) Senior Post Holder 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.

- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent, competent and should not be chaired by the Chair of the Governing Body.
- d) The Chief Executive / Principal must not be a member of the Remuneration Committee.

Element III - Transparency and accountability

The process for setting remuneration must be transparent. For Senior Post Holders there must be a college level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the Chief Executive / Principal must be separately justified, published and related to the remuneration of all staff within the organisation.

Principles

Each college must publish a readily accessible annual statement, based on an annual report to its governing body. This report must contain:

- a) a list of Senior Post Holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its policy on income derived from external activities;

the pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above any published average, an explanation of why.

The report should also contain:

- d) its choice of comparator college(s)/organisation(s);
- e) an explanation of any significant changes.

5. Links to other policies and procedures

The Senior Post Holder Remuneration Policy (under development)

6. Monitoring and reporting

By the Remuneration Committee reporting to the Corporation