

# THE CORPORATION OF NEWHAM SIXTH FORM COLLEGE

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

**Approved by the Corporation on 13 December 2023**

*Updated by the Corporation on 13 December 2023 to reflect revised designations of three of the four Senior Post Holders*

#### **Introduction and Purpose of the Remuneration Committee**

- 1 The Corporation has established a Remuneration Committee having regard to the provisions of The Colleges Senior Staff Remuneration Code published by the Association of Colleges (AoC) in December 2018.
- 2 The Remuneration Committee has the responsibility of providing the Corporation with recommendations on the remuneration, conditions of service and performance of those posts designated as Senior Post Holders which in the case of the College are:
  - Principal & Chief Executive
  - Vice Principal Finance & Resources
  - Vice Principal Curriculum & Quality
  - Head of Governance when an employee of the College

Note: When the Head of Governance is not an employee of the College and, therefore, a designated as a SPH it is appropriate to address where this post fits between the Remuneration Committee and the Governance & Search Committee in terms of tracking performance. This could still be the role of the Remuneration Committee if approved by the Corporation.

- 3 The approach of the Committee in carrying out the determined responsibilities will be to have regard to the three key elements of a fair and appropriate remuneration as set out in the national Code:
  - a fair, appropriate and justifiable level of remuneration
  - procedural fairness
  - transparency including the requirement to publish a readily accessible annual statement based on an annual report to the Corporation containing such aspects as a list of the Senior Post Holders

Note: For the sake of completeness the AoC Remuneration Code is attached to these Terms of Reference for ease of reference.

#### **Remuneration of the Senior Post Holders**

- 4 The Committee will have regard to the following when determining the basis of the recommendations to the Corporation on the remuneration of the Senior Post Holders:
  - national salary awards and any other comparative data
  - affordability for the College including pension implications

- fairness and the importance of retaining appropriately qualified staff to lead, manage, support and deliver the aims set out in the College Strategic Plan

### **Conditions of Service of the Senior Post Holders**

- 5 The Committee will review the conditions of service of the designated Senior Post Holders as and when it is thought to be helpful and always when there is an anticipated vacancy so as to advise the Corporation on the arrangements to be applied.

### **Performance of the Senior Post Holders**

- 6 The Committee will determine the objectives for the Principal & Chief Executive and the Head of Governance having regard to the advice received from others including:
  - the Chair of the Corporation and any Members appointed to support the Chair in the case of the Principal & Chief Executive
  - the Governance & Search Committee in the case of the Head of Governance
- 7 A system of 360 degree feedback has been introduced for the members of the College SLT for use when carrying out the performance appraisals of the Principal & Chief Executive, Vice Principal Finance & Resources and Vice Principal Curriculum & Quality.
- 8 The Committee will review progress against the objectives on an ongoing basis with the advice of others and agree recommendations to the Corporation on whether or not the performance of the these 2 designated Senior Post Holders has met the required standard including at the end of probationary periods.
- 9 The Principal & Chief Executive as the line manager for the Vice Principals will:
  - determine the objectives for the Vice Principal Finance & Resources and the Vice Principal Curriculum & Quality and forward these to the Committee, via the Head of Governance, for information.
  - present to the Committee at a meeting or via Written Resolution recommendations relating to the completion of probationary periods and any other matter which the Principal & Chief Executive believes appropriate to be made known to the Committee
- 10 The Committee will receive the annual appraisals of the designated Senior Post Holders including the outcomes:
  - in the case of the appraisal of the Principal & Chief Executive this will be forwarded to the Corporation together with any comments of the Committee
  - for the other designated Senior Post Holders the appraisals will be presented for the information of the Committee so that there is awareness of the position.

### **Membership of the Committee**

- 11 The Committee will have at least 3 Members appointed from time to time by the Corporation.
- 12 The Principal & Chief Executive, Staff Members and Student Members serving on the Corporation will not be eligible for appointment as Members of the Remuneration Committee.

### **Chair of the Committee**

- 13 The Chair of the Committee will be appointed by the Corporation.
- 14 The Chair of the Corporation will not be appointed as Chair of the Committee even if they are appointed as a Member.

### **Vice Chair of the Committee**

- 15 The Committee will appoint a Vice Chair from within the membership of the Committee as determined by the Corporation for the current year.
- 16 The Chair of the Corporation will not be appointed as Vice Chair of the Committee even if appointed as a Member.

### **Quorum of the Committee**

- 17 The quorum for a meeting of the Committee will be 2 Members when there are 3 serving Members and 3 when there are 4 serving Members.

### **Clerk to the Committee**

- 18 The Head of Governance will act as the Clerk to the Committee.
- 19 When the Committee considers any issues relating specifically to the remuneration or any other matter concerning the Head of Governance, they will withdraw from the meeting and a Member will make a record of any recommendations to the Corporation for inclusion in the Minutes of the meeting.

### **Conduct of meetings of the Committee**

- 20 The arrangements for the conduct of meetings will be the same as for the Corporation and other Standing Committees of the Corporation as set out in the Instrument & Articles of Government and Standing Orders approved from time to time by the Corporation other than any aspect covered specifically in these Terms of Reference.

### **Attendance of the Principal & Chief Executive at meetings of the Remuneration Committee**

- 21 Whilst not a Member of the Remuneration Committee it will be appropriate for the Principal & Chief Executive to be invited to attend meetings such as when issues associated with one or both of the Vice Principal posts are to be considered. They will, however, need to withdraw at the request of the Committee when items relating specifically to the post of Principal & Chief Executive are to be discussed.

### **Arrangements for the review of the Terms of Reference**

- 22 The Committee will advise the Corporation on at least an annual basis if any changes to these Terms of Reference are thought to be appropriate having regard to experience and national developments.

### **Approval of the Terms of Reference**

- 23 These updated Terms of Reference were approved by the Corporation on 13 December 2023.



ASSOCIATION  
OF COLLEGES

# The Colleges Senior Staff Remuneration Code

Association of Colleges Governors' Council

December 2018

## Introduction

1. Fair and appropriate remuneration is key to the success and development of the college sector. To support governing bodies, this Colleges Senior Staff Remuneration Code (the Remuneration Code) has been developed by AoC Governors' Council after wide consultation with AoC members, governors and college stakeholders. This Remuneration Code will be reviewed every three years, in consultation with the sector.
2. The different regulatory frameworks of the college sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Colleges are bound by the relevant accounts direction issued by their regulator. In addition, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of Senior Post Holders within its audited financial statements and whether the governing body publishes its written commitment to comply with this Remuneration Code.
3. 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 reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.
4. The use of this Remuneration Code is voluntary, and it can be used by all colleges. The Remuneration Code is to be used on an 'apply or explain' basis. This means that colleges should either publicly state that they have abided by the minimum requirements of this Remuneration Code or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.
5. Throughout this Remuneration Code the word 'must' identifies the AoC Governors' Council view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of Explanatory and Guidance Notes (Appendix 1) which are designed to assist governing bodies in developing their responses. The use of the word 'should' identifies good or enhanced governance practice which institutions are encouraged to adopt.
6. The principles outlined in this Remuneration Code apply to all remuneration decisions affecting the emoluments of the Chief Executive, Principal and other Senior Post Holders as prescribed in constitutional documents or by the governing body as being within the remit of the Remuneration Committee. In England, the principles also apply to Senior Post Holders as defined in ESFA accounts direction.

## Elements of fair and appropriate remuneration

Fair and appropriate remuneration<sup>1</sup> 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.

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.
- 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) Awards made in respect of annual bonus arrangements 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.

---

<sup>1</sup> Remuneration 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.

- 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.

## **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 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, containing:

- 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 choice of comparator college(s)/organisation(s);
- d) its policy on income derived from external activities;
- e) 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 average, an explanation of why; and
- f) an explanation of any significant changes.


[www.aoc.co.uk](http://www.aoc.co.uk)


Association of Colleges

2-5 Stedham Place, London WC1A 1HU

T: 020 7034 9900

E: [enquiries@aoc.co.uk](mailto:enquiries@aoc.co.uk)

 @AoC\_info

 Association-of-Colleges