

Annual Report for the year ending 31 July 2019

Introduction

This report is prepared in accordance with the College's Senior Staff Remuneration Code issued by the AoC Governors Council in December 2018.

East Coast College adopted the Code of Good Governance in inception in 2017 and this was amended as of December 2018 to reflect that College's should adopt and must have due regard to the Colleges' Senior Post Holder Remuneration Code, December 2018.

This Senior Staff Remuneration Code report covers the year ended 31 July 2019.

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;
- D. 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:

- Its choice of comparator college(s)/organisation(s);
- An explanation of any significant changes.

Membership

East Coast College Remuneration Committee is part of the Governance Remuneration and Search Committee. The terms of reference state that the membership should be not fewer than five members to include the Chair of the Corporation and the Principal, and up to two associate governors. The membership of the Governance Remuneration and Search Committee during the year was:

- Mike Burrows – Chair of Corporation
- Tina Ellis – Vice Chair of Corporation
- Rob Evans
- Alan Debenham – Chair of People Committee and
- Stuart Rimmer - CEO.

When remuneration of the CEO was discussed the meeting was chaired by Alan Debenham (Chair of the People Committee) and the CEO was not in attendance. The terms of reference state that:

- *Any member of staff, including the Principal, will withdraw from a meeting where his or her remuneration, conditions of service, appointment or promotion is being discussed.*

The Committee met on 16 10 18 to discuss the Director of Governance remuneration and 29 1 19 to discuss the CEO's remuneration and the remuneration on appointment of the Deputy Chief Executive.

When considering remuneration comparable data should be used. The College Senior Pay Survey 2017 analysis was considered together with examples of the current market to inform the governor's decision making.

The terms of reference of the Committee are attached at appendix 1.

Senior Post Holders

The College currently has 3 senior post holders, all of whom are appointed by the Corporation:

- Stuart Rimmer – Principal and CEO
- Urmila Rasan – Deputy Chief Executive
- Wendy Stanger – Director of Governance

The terms of reference state that the Committee is:

- To give due regard to the interests of the public and the financial health of the College and ensure that it can be demonstrated that the pay of the senior post-holders is set by a committee which has no personal interest in the outcome of its decisions.
- To consider and advise the Corporation on the framework of pay and conditions of Senior Post Holders, taking into account relevant surveys, including the Director of Governance to include appraisal, promotion, grading, conduct, suspension, dismissal and retirement and may consider the following elements
 - Basic salary
 - Benefits in kind
 - Pension provision
 - Terms and conditions of service
 - Performance related elements, if appropriate
- To review and ensure that objectives are set annually for Senior Post Holders. The Committee shall evaluate annually the specific remuneration packages of the Principal and other senior post-holders including
 - Pre-established performance goals and/or
 - An appropriate peer group and any 360 degree review.

Decisions on the salaries of senior post holders are informed by market data including data on other General Further Education Colleges, and comparable roles in other sectors/organisations of a comparable size, institutional and personal performance and affordability.

In respect of recruitment, the College aims to recruit senior post holders using remuneration packages that are market-competitive and consistent with the existing remuneration structure. The College does not expect to make special recruitment arrangements outside the standard

policy, but may do so in exceptional circumstances in order to secure the appointment of the right candidate.

Policy on Income Derived from External Activities

None of the senior post holders received income from external activities.

Expenses

All expenses paid to Senior Post Holders are solely in reimbursement of expenses incurred in furtherance of the business of the College and comply with the College’s Financial Regulations. The total amount of expenses reimbursed in the year to Senior Post Holders was

CEO and Principal	£1394
Deputy Chief Executive	£6530*
Director of Governance	£502

*Expenses agreed as part of employment remuneration.

Median Earnings

The amounts paid to the Chief Executive and Principal who is the accounting officer and who is also the highest paid member of staff is as follows:

	2019	2018 Restated
	£000	£000*
Salaries	139	151
Employers national insurance	18	19
Benefits in kind	-	-
	-----	-----
	157	170
	=====	=====
Pension contributions	23	24

*this included backdated pay from the previous financial year.

The college’s median pay is for 2018/19 is £26k and the Principal’s basic salary as a multiple is:

	2019	Re sta te d 2018
Princ ip a l’s b a sic s a l a r y a s a m u l t i p l e o f t h e m e d i a n o f a l l s t a f f	5	5

The amounts paid to the Deputy Chief Executive is:

	2019
	£000
Salaries	100
Employers national insurance	17
Benefits in kind	-

	117
	=====
Pension contributions	36
	=====

The Deputy Chief Executive was appointed as a senior post holder after a recruitment process in January 2019 but was employed on a temporary contract prior to this.

The actual amounts paid to the Director of Governance is:

	2019	2018
	£000	£000
Salaries	29	25
Employers national insurance	3	2
Benefits in kind	-	

	32	27
	=====	
Pension contributions	6	3
	=====	

The FTE remuneration for the Director of Governance role is £41,738.

Comparators

When considering remuneration for the period of this report the College used the AOC 2017 data and based on the College's turnover band £25m and £30m. This demonstrated that the CEO's salary was just above the median and the Director of Governance was below the median.

The Deputy Chief Executive's position did not have a comparable position within the AOC data and the remuneration including expenses was based on market forces at appointment.

The AOC 2018 data published in March 2019 demonstrates that for the period to July 2019 the CEO's and the Director of Governance's remuneration were below the median.

AOC 2017 Data CEO/Principal:

College Income	Base	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
Under £10m	11	£88,434	£92,894	£98,087	£103,784	£106,529
Between £10m and £15m	24	£100,000	£101,675	£110,825	£120,000	£126,543
Between £15m and £20m	16	£108,506	£116,250	£124,926	£125,719	£127,829
Between £20m and £25m	19	£120,300	£125,625	£135,000	£145,000	£157,733
Between £25m and £30m	18	£119,819	£121,366	£135,000	£145,000	£153,256
Between £30m and £40m	20	£127,125	£134,000	£143,460	£150,546	£164,875
Between £40m and £50m	9		£144,000	£149,000	£154,318	
£50m or more	14	£135,135	£146,625	£160,000	£176,250	£183,883

AOC 2018 Data CEO/Principal:

College Income	Base	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
Under £10m	15	£90,600	£98,440	£100,485	£114,500	£124,600
Between £10m and £15m	27	£101,180	£104,559	£110,000	£116,961	£122,720
Between £15m and £20m	22	£110,100	£116,692	£123,338	£133,928	£150,490
Between £20m and £25m	25	£120,542	£127,500	£135,000	£140,000	£147,380
Between £25m and £30m	16	£120,295	£128,750	£141,517	£148,571	£184,850
Between £30m and £40m	31	£135,000	£140,318	£145,000	£155,752	£165,000
Between £40m and £50m	17	£137,045	£144,000	£152,081	£169,694	£179,529
£50m or more	20	£138,625	£153,163	£167,500	£183,500	£203,100

AOC 2017 Data - Director of Governance

College Income	Base	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
Under £10m	11	£21,811	£27,750	£34,219	£45,770	£46,891
Between £10m and £15m	23	£28,536	£32,382	£39,000	£43,000	£54,700
Between £15m and £20m	16	£20,651	£31,002	£44,750	£47,208	£53,001
Between £20m and £25m	16	£23,311	£26,923	£35,000	£43,724	£50,726
Between £25m and £30m	16	£28,062	£37,163	£43,242	£47,623	£52,500
Between £30m and £40m	18	£22,842	£35,398	£49,642	£56,299	£60,593
Between £40m and £50m	9		£52,962	£55,140	£59,597	
£50m or more	14	£27,901	£35,625	£44,500	£57,040	£66,138

AOC 2018 Data - Director of Governance

College Income	Base	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
Under £10m	12	£32,074	£34,286	£42,094	£45,725	£50,661
Between £10m and £15m	27	£31,486	£36,850	£42,500	£49,212	£62,399
Between £15m and £20m	21	£24,996	£31,960	£44,759	£46,810	£56,736
Between £20m and £25m	22	£24,712	£36,235	£43,314	£50,487	£69,356
Between £25m and £30m	16	£32,735	£36,786	£44,000	£50,349	£54,385
Between £30m and £40m	28	£29,400	£38,612	£47,361	£55,689	£63,027
Between £40m and £50m	16	£30,595	£45,217	£52,359	£55,961	£60,698
£50m or more	21	£41,250	£50,757	£56,000	£65,335	£79,956

EAST COAST COLLEGE

GOVERNANCE, REMUNERATION AND SEARCH COMMITTEE

TERMS OF REFERENCE

1. Membership

Not fewer than five members to include the Chair of the Corporation and the Principal, and up to two associate governors.

One of the members may be a staff governor.

In the absence of the Chair, the members attending the meeting shall select one of their number to 'Chair' that meeting.

Persons who are not members of the Corporation but are deemed to have the skills required to enhance the responsibilities of the committee may be appointed as Associate Governors on the Committee but may not hold the position of Chair.

2. Terms of Office

Members shall normally serve for a period of two academic years and shall be eligible for re-appointment thereafter.

3. Appointment of Chair

The Chair of the Committee shall be the Chair of the Corporation.

4. Quorum

A quorum shall be one third (rounded up) of the appointed members, subject to a minimum of 2 independent members.

5. Clerking

The Director of Governance shall act as Clerk to the Committee.

6. Frequency of Meetings

Meetings shall be held as and when required and not less than twice a year.

7. Attendance of Meetings

Senior managers shall attend and speak at meeting of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

Other Corporation members shall have the right of attendance and participation, but not to vote.

The Principal shall withdraw from meetings when his/her own package is being considered or if requested to do so.

Staff and Student Governors shall withdraw from meetings when remuneration matters are being considered or if requested to do so.

Any member of staff, including the Principal, will withdraw from a meeting where his or her remuneration, conditions of service, appointment or promotion is being discussed.

Any member of staff present at the meeting will withdraw when the remuneration, conditions of service, appointment or promotion of a more senior member of staff is being discussed.

8. Reporting Procedures

The Chair of the Committee shall present a written summary report of the Committee's agenda at the subsequent Corporation meeting and the minutes of the meeting will be circulated to the Corporation.

9. Purpose of the Committee

1. To make recommendations to the Corporation in respect of procedures for the appointment of new members.
2. To implement the agreed procedures for the selection and appointment of members.
3. To be responsible to the Corporation for the nomination of candidates to fill governor vacancies. Interviews for new members to be carried out by the Chair and two other members when vacancies fall between meetings.
4. To consider and make recommendations to the Corporation on the Corporation's composition and balance and to ensure an annual self-assessment by the Corporation of its skills.
5. To develop and recommend to the Corporation, policies and procedures for the induction and training of Corporation members.
6. To make recommendations in respect of the code of conduct for governors and the register of governor's interests taking cognisance of the parameters set by legislation and the guidance available on good governance from the funding agencies, the AoC and other bodies such as the committee on Standards in Public Life.
7. To review the workings of the Corporation and make recommendations to support it in ensuring effective governance, including but not exclusively
 - Review of standing orders and instrument and articles
 - Succession planning
 - Governance self-assessment and
 - Quality improvement plan.
8. To give due regard to the interests of the public and the financial health of the College and ensure that it can be demonstrated that the pay of the senior post-holders is set by a committee which has no personal interest in the outcome of its decisions.
9. To consider and advise the Corporation on the framework of pay and conditions of Senior Post Holders, taking into account relevant surveys, including the Director of Governance to include appraisal, promotion, grading, conduct, suspension, dismissal and retirement and may consider the following elements
 - Basic salary
 - Benefits in kind
 - Pension provision
 - Terms and conditions of service
 - Performance related elements, if appropriate
10. To review and ensure that objectives are set annually for Senior Post Holders. The Committee shall evaluate annually the specific remuneration packages of the Principal and other senior post-holders including
 - Pre-established performance goals and/or
 - An appropriate peer group and any 360 degree review.
11. To advise the Corporation on any compensation which may be payable in the event of the early termination of the employment of the Principal or any other senior post-holder with the aim of
 - Avoiding the rewarding of poor performance and
 - Dealing fairly with cases where termination is not due to poor performance
12. To advise the Corporation on the conduct, composition and procedures of any selection panel for Senior Post Holders and generally on the appointment of Senior Post Holders, including the Director of Governance.

13. To review College Strategies and matters that relate to Governance issues.
14. To consider any other specific issues referred by the Corporation to the Committee and report their findings and recommendations back to the Corporation.