

Introduction

The North Kent College Instrument and Articles of Government and the English Code of Good Governance published October 2021 states that there should be a formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of Senior Post Holders ("SPH"). The English Code of Good Governance stated under section 10.12 that College Corporations must adopt or must have due regard to the Colleges Senior Post Holder Remuneration Code, December 2018 and where colleges are also registered with the Office for Students (OfS) that they may choose to adopt the CUC (Committee of University Chairs) Higher Education Senior Staff Remuneration Code with explanation. Alternatively, OfS registered colleges may adopt the AoC Senior Post Holder Remuneration Code with an explanation as prescribed by the OfS Higher Education Regulatory Framework.

Following the reclassification of FE Colleges and their subsidiaries on the 29th November 2022 the Corporation Board must demonstrate how the level of remuneration of the principal and other senior staff is:

- in the interests of your college's students
- a good use of resources
- proportionate and reasonable
- good value for money

The Corporation Board should keep remuneration under review and ensure that it can be justified in the light of agreed performance outcomes.

From 1 May 2023, the Board must have approval from DfE for:

- remuneration for new appointments (including new roles and new appointments to existing roles) at or above £150,000 and for performance-related pay above £17,500
- pay awards over 9% for existing staff where their remuneration is already at or above £150,000 or where performance-related pay exceeds £17,500 (subject to paragraphs 2.6 to 2.11 of the HMT Guidance for approval of senior pay)
- pay awards over 9% for existing staff which increase remuneration to or above £150,000 or take performance-related pay above £17,500 (subject to paragraphs 2.6 to 2.11 of the above HMT guidance)

The Committee are also required to annually report to the Board on the SPH Remuneration as per the AoC SPH Remuneration Code.

It also provides that the Board should establish a Remuneration Committee which should make available its terms of reference, explaining its role and the authority delegated to it by the Board. At North Kent College, we have a combined Search, Governance and Remuneration Committee with designated responsibilities, as per the revised terms of reference below.

In addition, and, in considering the remuneration of the Chief Executive/Chief Accounting Officer and Senior Post Holders including the Clerk & Governance Advisor to the Corporation, the Board should ensure that they have formal and transparent procedures to allow for the appropriate scrutiny and review of the performance of its senior staff which includes:

1. Quality (learner safety, experience and outcomes).
2. Financial planning and monitoring.
3. Human Resources.
4. Information Management & Technology; and
5. Personal Professional Development.



**Search & Governance and
Remuneration Committee
Terms of Reference**

Contents

1. Objectives and Purpose.....	3
2. Membership	3
3. Quorum	3
4. Chair and Vice Chair	3
5. Clerk to the Committee	3
6. In attendance	3
7. Search Remit	3
8. Governance.....	4
9. Remuneration & Performance Appraisal.....	4
10. Reporting responsibilities	8
11. General.....	8
12. Meetings.....	8
13. Amendment.....	8
Appendix A	9
Performance Management Cycle for the Chief Executive/Chief Accounting Officer and Senior Post Holders including the Clerk & Governance Advisor to the Corporation	9

1. Objectives and Purpose

- 1.1. To make recommendations to the Board on the nomination of candidates for appointment as governors and co-options on to committees, in accordance with the Instrument & Articles of Government.
- 1.2. To monitor the performance of governors and to advise the Board on procedures to promote effective governance.
- 1.3. To review and determine the remuneration package of the Senior Postholder(s) and Clerk & Governance Advisor to the Corporation and to advise the Chief Executive/Executive Principal on the structure of the Senior Leadership Team (those designated as Senior Post Holders).

2. Membership

- 2.1. This Committee will comprise at least five governors.
- 2.2. The Chair, Vice Chair, chairs of functional committees and the Chief Executive will usually serve on this committee.

3. Quorum

- 3.1. The quorum will be three independent members.

4. Chair and Vice Chair

- 4.1. The Committee will elect a Chair from amongst its membership. However, the Chair of the Board or, in the absence and of the Chair, the Vice Chair will chair the meeting when matters relating to remuneration are being considered.

5. Clerk to the Committee

- 5.1. The Clerk to the Committee will be the Clerk & Governance Advisor to the Corporation, who will keep a record of all meetings.

6. In attendance

- 6.1. The Committee may invite advisors, any Governor or members of staff to attend a meeting to provide information.
- 6.2. The Chief Executive will withdraw when his/her performance and remuneration are considered.

7. Search Remit

- 7.1. To determine the process whereby candidates are nominated and selected for membership of the Board and co-option on to Corporation Committees.
- 7.2. To advise the Corporation on the appointment of external governors.

- 7.3. To advise the Corporation on the reappointment of external governors following evaluation of the contribution made by those individual governors.
- 7.4. To consider and advise the Corporation on the composition and balance of professional knowledge of the Corporation and its Committees.
- 7.5. To advise the Corporation on the appointment of the Chair and Vice Chair and annual review of Committee membership including appointment of Committee Chairs.
- 7.6 To review regularly:
 - 7.6.1 the skills matrix of the Corporation.
 - 7.6.2 Governors' attendance at Corporation and Committee meetings and development events.
 - 7.6.3 Procedures for induction and development of Governors.
 - 7.6.4 Corporation Board Standing Orders and Code of Conduct.
 - 7.6.5 Corporation Board policies; and
 - 7.6.6 Succession Planning Policy and Procedures.

8. Governance

- 8.1 To advise the Corporation on matters relating to the governance of the College and any matters which the Corporation may remit to the Committee.
- 8.2 To review policies requiring Corporation approval and recommend them to it.

9. Remuneration & Performance Appraisal

- 9.1. The committee should carry out the duties detailed below for and on behalf of North Kent College Corporation Board and ensure that they adhere to the AoC SPH Remuneration Code and the requirements as set out by the Department for Education upon reclassification of FE Colleges and their subsidiaries..

9.1.1. Remuneration

The committee shall:

- 9.1.1.1. Have responsibility for setting the remuneration policy for the Chief Executive/Chief Accounting Officer and Senior Post holders, including pension rights and any compensation payments. No Senior Post Holder shall be involved in any decisions as to their own remuneration.

- 9.1.1.2. Recommend and monitor the level and structure of remuneration for the Chief Executive/Chief Accounting Officer and Senior Post Holders including that of the Clerk & Governance Advisor to the Corporation.
- 9.1.1.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Instrument & Articles of Government, English Code of Good Governance, AoC SPH Remuneration Code and the Department for Education and Office for National Statistics guidance. The objective of such policy shall be to attract, retain and motivate the Chief Executive/Chief Accounting Officer and Senior Post holders of the quality required to run the organisation successfully without paying more than is necessary, and having regard to the views of all internal and external stakeholders.
- 9.1.1.4. Have regard to the risk appetite of the organisation and alignment to the North Kent Colleges long strategic term goals.
- 9.1.1.5. When setting the remuneration policy for the Chief Executive/Chief Accounting Officer and Senior Post holders, review and have regard to pay and employment conditions across the College, especially when determining annual salary increases.
- 9.1.1.6. Review the on-going appropriateness and relevance of the remuneration policy.
- 9.1.1.7. Within the terms of the agreed policy and in consultation with the Chair and / or Chief Executive/Chief Accounting Officer, as appropriate, determine the total individual remuneration package of each Senior Post holder.
- 9.1.1.8. Obtain reliable, up-to-date information about remuneration in other organisations of comparable scale and complexity (AoC Senior Pay Survey and related benchmarking data). To help it fulfil its obligations the committee shall have full authority to appoint remuneration / HR consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of North Kent College but within any budgetary restraints imposed by the board.

- 9.1.1.9. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration/HR consultants who advise the committee.
- 9.1.1.10. Determine the policy for, and scope of, pension arrangements for each Senior Post Holder.
- 9.1.1.11. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the organisation, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 9.1.1.12. Oversee any major changes in employee benefits structures throughout the College.
- 9.1.1.13. The committee will produce an annual statement to the Corporation Board on Senior Post Holder's Remuneration and ensure that the report is published on the College website in the spirit of openness and good governance as prescribed in the AoC SPH Remuneration Code.

9.1.2. Appraisal and Performance Management

The committee should carry out the duties detailed below for and on behalf of North Kent College Corporation Board:

- 9.1.2.1. Agree and review the performance management policy and procedures for the Chief Executive/Chief Accounting Officer and Senior Post holders including the Clerk & Governance Advisor to the Corporation on an annual basis.
- 9.1.2.2. To oversee the performance management arrangements for senior post holders. In line with the annual cycle as outlined in Appendix A.
- 9.1.2.3. Establish clear, transparent and measurable objectives for senior post holders following discussion between the Chair of the Corporation and the Principal/Chief Accounting Officer to facilitate the monitoring of progress and performance.
- 9.1.2.4. Notify the Board of agreed objectives.
- 9.1.2.5. Receive for benchmarking purposes to inform their discussions information on the annual appraisal of the Chief Executive/Chief Accounting Officer, Senior Post

Holders including the Clerk & Governance Advisor to the Corporation in relation to performance against key objectives for the year under review as follows:

- 9.1.2.5.1. Chief Executive/Chief Accounting Officer as completed by the Chair of the Corporation.
- 9.1.2.5.2. Clerk & Governance Advisor to the Corporation as completed by the Chair of Corporation.
- 9.1.2.5.3. Deputy Executive Principal/Teaching, Learning & Improvement as completed by the Chief Executive.
- 9.1.2.5.4. Deputy Chief Executive as completed by the Chief Executive.
- 9.1.2.6. Following consideration and review of the performance of the Chief Executive/Chief Accounting Officer and Senior Post holders against the agreed targets, recommend to approve to the Board the appropriate remuneration for the Chief Executive/Chief Accounting Officer and Senior Postholder for the following year. The recommendation must take account of any of the conditions as set out in the remuneration policy and the committee's own terms of reference as set out above.
- 9.1.2.7. Receive the draft targets/objectives for the Chief Executive/Chief Accounting Officer and Senior Postholder including the Clerk & Governance Advisor to the Corporation for the following year.
- 9.1.2.8. Ensure that information on the processes used for target setting and pay awards for the Chief Executive/Chief Accounting Officer and Senior Postholder including the Clerk & Governance Advisor to the Corporation are transparent and shared with Corporation members.
- 9.1.2.9. Share the targets for the Chief Executive/Chief Accounting Officer and Senior Postholder including the Clerk & Governance Advisor to the Corporation with independent Corporation members. Independent members of the Board are invited to share thoughts and key points to be taken into consideration at the

end of year appraisal.

10. Reporting responsibilities

- 10.1 The committee chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the End of Year Financial Accounts and Reports), are fulfilled.

11. General

- 11.1 Have access to sufficient resources to carry out its duties, including access to the Clerk & Governance Advisor to the Corporation for assistance as required.
- 11.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 11.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of senior post holders.
- 11.4 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

12. Meetings

The committee shall meet at least twice a year and otherwise as required.

13. Amendment

These terms of reference may only be amended by decision of the Corporation.

Reviewed by SG&R Committee 3
November 2022
Board approved November 2022

Reviewed by SG&R Committee 4

15 June 2023

Appendix A

Performance Management Cycle will run from 1 August to 31 July annually for the Chief Executive/Chief Accounting Officer and Senior Post Holders including the Clerk & Governance Advisor to the Corporation

1st July - 31 August 2023 – End of Year Appraisal. Following discussion between the appraiser and appraisee, objectives are agreed and recorded for all SPH's for the following year. Independent governors are invited to share thoughts and key points to be taken into consideration at the end of year appraisal. The Clerk & Governance Advisor to the Corporation will annually call for any comments and feed back to the Chair of Corporation.

Early September – Meeting of the Search, Governance and Remuneration Committee. Chair of Corporation reports to the committee the outcomes of the Chief Executive/Chief Accounting Officer and Clerk & Governance Advisor to the Corporation appraisals, and their key objectives for the year. The Chief Executive/Chief Accounting Officer reports the outcomes of appraisals and key objectives for other Senior Postholders for the forthcoming year. The Search, Governance & Remuneration Committee has full delegated authority to consider and makes decisions on remuneration which are recommended to the Corporation for final approval.

End November – Chair of Committee reports outcomes of appraisals and any recommendations on remuneration awards and terms and conditions of SPHs to Corporation. Recommendations would only be challenged if there is a genuine concern that procedure has not been followed or a decision has been recommended which could lead to significant damage to the organisation

Throughout the year – Ongoing review of objectives set for Chief Executive/Chief Accounting Officer and Senior Postholders including the Clerk & Governance Advisor to the Corporation.