

Corporate Ref.	HRM/8.1
Level	Three
Senior Responsible Officer	Chief Operating Officer
Version	1.0
Approved by	Remuneration Committee
Approved date	27 August 2021
Superseded version	N/A
Review date	27 August 2023

Pay and Reward Policy of the Principal & CEO and Executive

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Version Control

Version	Author	Date	Changes
1.0	Nick Murton	20.05.2022	Approved doc transferred to new Accessible Policy Template

1. POLICY STATEMENT

The College's policy is to pay and reward the Principal & CEO and Executive appropriately to attract, retain and motivate the most qualified and experienced professionals, to enable the College to attain its strategic objectives within the increasingly challenging context in which it operates.

The College aims to be in the median to upper quartile range of pay levels within the Scottish college sector commensurate to the scale, size, reach and complexity of the College, and the additional strategic responsibility and accountability assumed in achieving key performance indicators, which are aligned to the Scottish Funding Council and Scottish Government outcomes targets.

When determining pay and reward levels, the College will consider college sector benchmarking information. Levels of pay will be fair, equitable and financially affordable.

2. SCOPE OF POLICY

For purposes of College governance, this policy covers the pay and rewards arrangements for the Principal & CEO and Executive team who are deemed to be those members whose remuneration, package, terms, and conditions are considered, approved and reported to the Board of Management by the Remuneration Committee.

This policy aligns pay and rewards to the College's academic performance and corporate strategy of delivering value through a high-quality student experience and customer service, valued partnerships and robust operational performance. This will be achieved whilst ensuring that the College continues to be financially sustainable and delivers efficiencies and value created for its stakeholders.

There are a number of guiding principles which underpin the College's Principal & CEO and Executive pay and reward policy:

- The policy is to be transparent, clearly defined and readily understood.
- The policy is to be affordable and pay will be commensurate with individual and college performance.
- The policy advocates 'spot' salary points for the roles covered by this policy.
- The policy offers the flexibility to pay for the job size, capability, performance (objectives and behaviour), and market rates (where relevant, with benchmarking evidence).
- Pay for the Principal & CEO and Executive will be fair and proportionate to the pay and rewards for the wider workforce. Consideration will be given to the Scottish sector senior staff pay benchmark.
- Any cost of living increase will be performance linked to the achievement of agreed annual objectives. This increase will be set within the context of the public sector pay policy and/or the national joint negotiation committee (NJNC) agreement which ensures senior staff do not receive an annual (%) uplift more than the rest of the staff.

3. PURPOSE

This policy gives clarity relating to pay and rewards within a performance framework which is linked to an annual inflationary uplift (refer section 2, final bullet point), which enables the College to attract and retain talent through a fair and flexible approach, is competitive and is evidence based.

4. THE REMUNERATION COMMITTEE

Under its Scheme of Delegation, the Board of Management delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms and conditions (including the annual reviews of such) of the Principal & CEO and the Executive team.

The Remuneration Committee comprises three independent non-executive board members, one of whom is appointed Chair. The Chair of the Board may not be Chair of the Remuneration Committee. The Remuneration Committee meets as required and not less than once per year.

In relation to its purpose the Committee will take into account:

- That the Principal & CEO and Executive should be fairly rewarded for their individual performance and contribution to the College's overall performance;
- That any cost of living increase is linked to the achievement of individual objectives aligned to the College's overall performance.
- Where, in terms of the Principal & CEO and Executive remuneration, the College stands in relation to other comparable institutions in the sector.

- The relationship between the remuneration of the Principal & CEO and Executive and that of other employees of the College;
- The benefits granted to the Principal & CEO and the Executive;
- The need to contain costs whilst employing suitably qualified and experienced staff;
- The adequacy of pension arrangements and also the cost implication of pension arrangements, including the pension effect of remuneration proposals.

The Principal & CEO, the Chief Operational Officer and the Director of Human Resources may attend the meetings when requested by the Committee. Members of the Committee and attendees are excluded from discussions regarding their own remuneration and conditions of employment.

5. REPORTING AND TRANSPARENCY

The College reports remuneration in the Annual Report and Financial Statements within the Remuneration and Staff Report section of the Accountability Report and the notes to the accounts. These financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They are prepared in a form prescribed by Scottish Ministers and in accordance with paragraph 28 of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), the Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) and in accordance with the Accounts Direction and other guidance published by the Scottish Funding Council.

Within its annual report and accounts a summary of the Principal & CEO and Executive pay and rewards for the year is compared to the prior year. This report would include details of any changes made to the pay and reward policy during the year.

Public Sector Pay Policy is not binding for colleges however this policy acts as a benchmark for all major public sector workforce groups across Scotland.

A copy of this policy is also published on the College's external website.

6. PRINCIPAL & CEO AND EXECUTIVE PAY AND REWARD FRAMEWORK

The College's success depends on the performance and contribution of each individual colleague but outstanding performance comes from teamwork. The approach to reward is guided by a framework of common objectives.

Reward objectives:

- Attract and recruit the right people.
- Incentivise to deliver goals together.
- Acknowledge contribution and individual performance.
- Create stakeholder value by improving College performance.

The pay and reward framework are structured to ensure that the Principal & CEO and Executive are fairly rewarded in delivering a high standard of performance whilst mitigating College risk.

The remuneration is designed to attract, retain and motivate executive level postholders of the calibre required to deliver the College strategy.

The Remuneration Committee considers in arriving at a total pay and reward, the skills and experience of the candidate, the market rate for a candidate of that level of experience, as well as the importance of securing the best candidate.

7. REVIEW OF PAY AND REWARD POLICY

This policy will be reviewed at least every two years or whenever changes affect it.