

**Board of Management
Remuneration Committee**

Date: 5 April 2016

Time: 11 am

Room: 1074b

A G E N D A

		Presented by
1	Welcome and Apologies	DH
2	Declaration of Interest	DH
3	Minute of Meeting of 26 January 2016	(attached) DH
4	Matters Arising	DH
	4.1 Executive Team Pay Award Update	(verbal) CT
	4.2 Succession Planning for the Executive Management Team	(attached) CT
5	Principal's Performance Review Process	(attached) BJ
6	Any Other Business	
7	Date and Time of Next Meeting – 7 February 2017 (provisional)	

Board of Management

Minute of the Meeting of the Remuneration Committee of the Board of Management of Dumfries and Galloway College held on Tuesday 5 April 2016 at 11 am in Room 1074b

Present: Delia Holland (Chair) Brian Johnstone
John Henderson Ian White

Agenda items 4.1 and 4.2 only Carol Turnbull, Principal

In attendance: Jannette Brown, Secretary to the Board

Minute Taker: Heather Tinning, Executive Team Assistant

1 Welcome and Apologies for Absence

The Chair of the Remuneration Committee welcomed all to the meeting, in particular Ian White to his first Remuneration Committee meeting. No apologies were intimated. The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Remuneration Committee held on 26 January 2016 was approved.

4 Matters Arising

There were no matters arising.

The Principal joined the meeting at this point.

4.1 Executive Team Pay Award Update

The Principal advised that the Board approved the pay award for the Executive Management Team as recommendation by the Remuneration Committee. She reminded members it had been approved on the proviso that should an improved offer be made to other college staff, this will be extended to the Executive Management Team (including the Principal).

The Principal advised that a revised pay offer had been agreed by the NJNC and the EIS. The EIS will recommend the offer to their members and are in the process of preparing to ballot

Board of Management

them. The outcome of the ballot should be known on the 20th April. The NJNC are now in discussions with support unions to agree any adjustments for 2015-16 and agree a pay award for 2016-17. It was agreed that the Remuneration Committee could meet sooner than next planned meeting should it be required.

4.2 Succession Planning for the Executive Management Team

The Secretary to the Board advised the Chair that because she is also a member of the Executive Team she would leave the meeting for this agenda item so that her presence did not inhibit discussions.

The Principal presented the paper which had already been issued. She advised that following the last Remuneration Committee members asked her to undertake a further piece of work and bring back to the Committee. Members discussed the changes to the number and responsibilities of members of the Executive Management Team since the Principal took up post. The Principal confirmed that the Executive Management Team report directly to her, with strategic responsibility for key functions of the college. At the last meeting it was established that the Executive Management Team are paid below the rest of the sector. The Principal advised that should recruitment to the Executive Management Team be required, it is likely the College would need to recruit externally for at least 2 of the 3 posts and this may be difficult to recruit given the current salary.

Members agreed the Principal's proposal to align Executive Management Team salary to that paid in colleges of similar size. The Committee agreed to defer the recommendation to pay Executive Management Team the sector average until future funding is known.

The Chair asked that the Principal pass on thanks to the Executive Management Team for all their hard work.

Action: The Committee to make recommendation to the Board at its June meeting to align Executive Management Team salary to that paid in colleges of similar size, effective from 1st April 2016.

The Principal left the meeting and the Secretary to the Board re-joined the meeting.

5 Principal's Performance Review Process

The Regional Chair presented the report which had been issued. The paper proposed a process for setting and monitoring the Principal's performance. Much of the proposal reflected the current informal process. The Secretary to the Board advised members that it was the aim of the Sector for each region to follow the same process. However, a sector wide process is still being developed and in order for the Board to comply with the Code of Good Governance the Board should look to put a robust process in place meantime.

Board of Management

The Regional Chair explained the two parts to his report; one seeking views and agreement on the process to be adopted and the other seeking views on the objectives to be agreed. He confirmed that the Principal had successfully achieved targets up to the end of the calendar year 2015. The involvement of students and staff in the process was also discussed. The Secretary to the Board reminded the Committee that the College seeks student views at various points throughout the year, for example Self Evaluation, Learner Voice. Seeking views on the College performance could be achieved by the Regional Chair meeting small focus groups of staff and students or by meeting with the staff and student board members.

Members approved the proposed performance review process and agreed to review it again once the process had been completed to ensure the process works well for all involved.

6 Any other Business

The Regional Chair spoke to the Committee reminding them that at its last meeting the Committee asked for information on the sector average salary for Principals, which had now been provided. The Regional Chair advised that the Principal is now involved at National level for example, Colleges Scotland Principal Group, Good Governance Steering Group, Finance and Funding Group, Reclassification Implementation Group.

Members discussed the Principal's salary in relation to salaries of Principals of colleges of similar size and the sector average of Principals salaries.

Members agreed that the Principal's salary should be aligned to that paid in colleges of similar size. The Committee agreed to defer the recommendation to pay the Principal the sector average until future funding is known.

Action: The Committee to make recommendation to the Board at its June meeting to align the Principal's salary to that paid in colleges of similar size, effective from 1st April 2016.

7 Date and Time of Next Meeting

The next meeting is planned to take place on Tuesday 7th February 2017.

Board of Management

Minute of the Meeting of the Remuneration Committee of the Board of Management of Dumfries and Galloway College held on Tuesday 26 January 2016 at 2 pm in Room 1074b

Present: Delia Holland (Chair) Brian Johnstone
John Henderson
Carol Turnbull, Principal, for agenda items 6 & 7 only

In attendance: Jannette Brown, Secretary to the Board

Minute Taker: Heather Tinning, Executive Team Assistant

1 Welcome and Apologies for Absence

Brian Johnstone, the Chair welcomed all to the meeting of the Remuneration Committee, including Heather Tinning, newly appointed Executive Team Assistant, to her first meeting as Minute Taker. There were no apologies.

The Secretary to the Board confirmed the meeting was quorate with enough members present to allow decisions to be made.

2 Declaration of Interest

Members agreed to indicate declarations of interest as appropriate throughout the meeting.

3 Minute of Previous Meeting

The Minute of the Remuneration Committee held on 28 April 2014 was approved.

Members noted the date of the last Remuneration Committee as 28 April 2014. It was noted that no business had been conducted in 2015. The Secretary to the Board advised that the Committee would normally meet once per year. However, the pay award agreed at the meeting in April 2014 was for the period August 2013-March 2015, and there were no other items for business, during this time a meeting was not convened.

4 Matters Arising

None.

5 Review of remit and membership of the Committee

The Chair spoke to the report which had been issued. The committee considered the guidance from the Scottish Funding Council on the importance that the Chair of the Remuneration is not the Chair of the Board. The Committee agreed that the Vice Chair would take over as chair of the Committee with immediate effect.

Board of Management

Discussions then took place on the 'effectiveness' section of the Code of Good Governance for Scotland's Colleges relating to the Principal's performance and agreed that this should be part of the committee's remit. The Committee also agreed to expand the membership of the Committee to include one of the Board staff members.

Action: Changes to the remit and membership to be recommended to the Board at its next meeting.

The Committee invited the Principal to join the meeting to present agenda items 6 and 7.

6 Executive Management Team Pay Award 2015-16

The Principal spoke to the report which had been issued to the committee for them to consider a 1% pay award for the Executive Management Team. The Principal confirmed that the Executive Team pay and conditions were not included in the national negotiation mechanism and it will continue to be the remit of this committee to consider any changes. The Principal asked the committee to consider a pay award of 1% increase (consolidated) plus two additional days annual leave (unconsolidated), in line with the present pay offer to support staff. The award is for the period 1 April 2015 to 31 March 2016.

Action: The committee approved the pay award, on the proviso that, should an improved offer be made to other college staff, this will be extended to the Executive team, to be recommended to the Board at its next meeting.

7 Succession Planning for the Executive Management Team

The Principal spoke to the report which had been issued to the committee for them to consider succession planning in respect of the Executive team.

The committee considered the first proposal in relation to the review of deputising role where traditionally the Vice Principals were paid a slightly higher salary in recognition of the deputising responsibilities. From 1st April 2016 the Principal would also like the Director of Organisational Development and Facilities to also have a deputising role and salary increased to same as for the Vice Principals. The Principal asked members to note that 'deputising' is not the same as a formal depute role. A formal depute role would take on CEO responsibilities should the Principal be unable or unavailable to carry these out for a particular reason. Currently, the college does not have a formal depute role but the Principal may wish to review this moving forward.

Action: The Committee approved the increase in pay for the Director of Organisational Development & Facilities from 1st April 2016 in recognition of the deputising role, to be recommended to the Board at its next meeting.

The committee considered the second proposal in relation to re-grading the salaries of the Executive Management Team to reflect the salaries paid to similar posts in other colleges of a similar size. This re-grading also reflects the additional strategic responsibilities taken on

Board of Management

by the Team following the resignation and non-replacement of the Assistant Principal (Quality & Estates). The Principal advised that should a member of the Executive team leave, the College would need to recruit externally. In order to attract quality candidates to the College it would need to offer a salary similar to the salaries offered in other Colleges.

The committee discussed the impact on the Principal's salary in term of the differential, should the Executive team be re-graded.

Action: The committee asked the Principal to carry out further work highlighting the additional responsibilities taken on by members of the team since she became principal and for more information on the salaries, including salaries of Principals, paid by other colleges for the committee to consider at its next meeting.

The Principal left the meeting at this point.

8 Principal's Annual Performance

The Chair advised the committee that part of his role as Regional Chair is to meet annually with the Principal to agree targets and monitor progress toward targets. The Chair completed an appraisal in 2014 where targets for the year ahead were agreed. A number of meetings have taken place to discuss progress and the Chair is pleased to advise the Committee that the Principal had achieved the agreed targets and was satisfied with the Principal's performance.

The Committee discussed the process going forward, in particular adhering to the 'effectiveness' section of the Code of Good Governance to ensure a clear process is in place to set and agree personal performance measures and when setting remuneration for the Principal and that the process should seek the views of students and staff. The Chair advised that the sector aims to have a standard approach to the process and documentation should be available shortly. The Committee agreed to seek views from staff and students by way of focus groups. The Committee would decide on 2 or 3 key outcomes from the strategic plan and or outcome agreement then seeking views from students and staff on how the college is progressing towards these targets. This information will be considered as part of the process of monitoring and reviewing the performance and setting of remuneration for the Principal.

Action: The Committee agreed to discuss this further at its next meeting.

9 Principal's Pay Award 2015-16

The Chair spoke to the report which had been issued to the committee, seeking members' approval for a 1% (consolidated) pay award for the Principal, plus two additional days (unconsolidated) annual leave for the period 1 April 2015 to 31 March 2016.

Action: The committee approved the pay award, on the proviso that, should an improved offer be made to other college staff, this will be extended to the Principal, to be recommended to the Board at its next meeting.

Board of Management

10 Any other Business

None.

11 Date and Time of Next Meeting

To be held on 5 April 2016 starting at 11am at the Dumfries campus.

Board of Management Remuneration Committee

SUCCESSION PLANNING FOR EXECUTIVE TEAM

1. PURPOSE

The purpose of this report is to seek approval to bring into line the salaries of the Executive Management Team (excluding Principal) with the sector.

2. BACKGROUND

The Board of Management, at a previous meeting, asked the Principal to consider succession planning in respect of the Executive Team. The Principal presented a paper to the Remuneration Committee on the 26 January 2016. The paper highlighted that in terms of succession planning it is very likely that the College would have to recruit externally for at least 2 of the 3 current Executive team posts. In addition, in order to attract high calibre staff the Board of Management would need to consider aligning Executive Team salaries with (at least) the sector average. The Committee asked the Principal to provide the Committee with detailed information relating to the changes in responsibilities of the Executive Team since August 2012.

This paper outlines strategic roles and responsibilities at the current time within the existing Executive Team structure. Should a member of the Executive Team leave, or should the need arise, the Principal would take the opportunity to review roles, responsibilities, and structure and put forward proposals for consideration by the Board of Management.

3. THE REPORT

3.1 Salary Levels

Upon reviewing salaries across the sector, the average salary for a member of the Executive Team is £75,151 with 49 days annual holiday. This is where the Executive Team member reports directly to the Principal, may act as a Deputy for the Principal (or shares this responsibility) and has strategic responsibility for key functions as is the case at Dumfries and Galloway College. Current salaries for Executive Team members at Dumfries and Galloway College are 3 x £60,696, with 43 days annual holiday.

Upon review of Colleges in the same income band (£5m to £15m) the average salary for a member of the Executive Team is £65,226. As this is a very broad range more specific information can be provided for Colleges of a similar size as follows:

Board of Management Remuneration Committee

	Activity Volume	Exec Team Salary
Dumfries & Galloway College	31,648	3 x £60,696
College A	24,095	3- average £68,389
College B	42,088	3 x £64,906

It can be seen from the above table that Executive Team members at Dumfries and Galloway College are on a lower salary than their counterparts in other similar size colleges, and are significantly lower than the sector average of £75,151. If a member of the Executive team were to leave now, it could be difficult to recruit someone with the appropriate level of skills, knowledge and expertise, certainly from within the sector, at current salary levels.

3.2 Executive Team Changes

The following table shows the Exec Team salary costs prior to August 2012 (when the current Principal came into post) with subsequent pay awards if nothing had changed.

Table 1

	Pre August 2012	2012-13 + 2.1% pay award	2013-14 + 2% pay award (up to March 2015)	2014-15	2015-16 + 1% pay award
Principal	£98,943	£101,021	£103,041	£103,041	£104,071
5 x SMT	£287,824	£293,868	£299,745	£299,745	£302,742
Total Salary Costs (excluding on costs)	£386,767	£394,889	£402,786	£402,786	£406,813

Board of Management Remuneration Committee

The following table shows the Exec Team actual salary costs taking account of changes over the past 4 years.

Table 2

	Pre August 2012	2012-13	2013-2014	2014-15	2015-16 + 1%
Principal	£98,943	£85,000*	£91,800	£91,800	£92,718
Exec Team	£287,824	£234,951	£239,567	£179,498	£182,009
Total Exec Team Salary Costs	£386,767	£324,437	£331,367	£271,298	£274,727
Additional posts + regrading			£4,000	£40,000	£56,229
Total Costs			£335,367	£311,298	£330,956

*The Principal was appointed on a 2 year salary scale - £85,000 rising to £90,000 dependent upon achieving targets.

The reduction in Executive Team posts has resulted in an overall saving of £75,857. This takes account of the additional posts of Facilities Manager, a regrading of the post of Business Development Manager and the post of Board Secretary (to be appointed).

3.3 Changes to Executive Team Strategic Responsibilities

Strategic responsibilities have been reallocated with full consultation and agreement from individual (and collective) Executive Team members over the past 4 years. Changes are as follows:

2012-13

In 2012-13 the Executive Team reduced to 4 members when the AP Business Development post was not replaced upon appointment to the role of Principal. The duties were distributed to existing members of the Team:

- Business Development to VP Learning and Skills
- Work based VQ's, European funding, Marketing and Admissions to the Director of Organisational Development.
- Board Secretary and Finance to VP Governance and Corporate Services
- Business Development Manager re-graded to reflect additional responsibilities

Board of Management Remuneration Committee

2014-15

In 2014-15 the AP Quality and Estates resigned and was not replaced. The duties were distributed to existing members of the Team:

- Quality to VP Governance and Corporate Services
- Facilities to Director of Organisational Development and Facilities
- Marketing and Admissions to Principal
- Estates Manager post created.

2015-16

A review exercise was undertaken in September 2015 and the Executive Team (excluding Principal) unanimously agreed that an additional Exec Team post was not required at this time but the increasing role of the Board Secretary (undertaken by a member of the Exec Team) be kept under review. Meantime a temporary Executive Team Assistant would be assigned to the Exec Team in recognition of the capacity issue.

It was confirmed at the Board meeting on 8 December 2015 that to address the capacity issue within the Executive Team the College would seek to recruit a part-time external Board Secretary. Interviews for the Board Secretary post are planned to take place on 23 and 30 March 2016.

4 PROPOSAL

- 4.1 The Principal believes that Executive Team salaries should be re-graded at a salary of £65,000 per person to reflect the salaries paid to similar posts in other Colleges of a similar size and taking account of the increase in strategic responsibilities following the resignation and non-replacement of the Assistant Principal Quality & Estates. The resultant additional cost of this would be approximately £20,000 including on costs.
- 4.2 In addition, the Board should consider whether it wishes to move to the sector average, currently £75,857 within an agreed timescale, similar to that agreed for lecturing staff (1 April 2019). This would currently be an additional cost of £42,439 including on costs.

Board of Management Remuneration Committee

Regrading	April 2016
Migration to Sector average	
1 April 2017	25%
1 April 2018	50%
1 April 2019	100%

5 RECOMMENDATION

Members are asked to consider and approve the above proposal: Step 1 followed by Step 2.

6 ADDENDUM

At its previous meeting the Committee requested similar information relating to Principal salaries:

- The current salary for the Principal at Dumfries and Galloway College is £92,718.
- Sector Average salary for a Principal is currently £110,934.
- The average salary for a Principal in the same income band (£5m to £15m) is £95,642.

College	Activity Volume	Principal Salary
Dumfries & Galloway College	31,648	£92,718
Borders College	24,095	£104,638
West Lothian College	42,088	£107,971

Carol Turnbull
Principal
April 2016

Board of Management Remuneration Committee

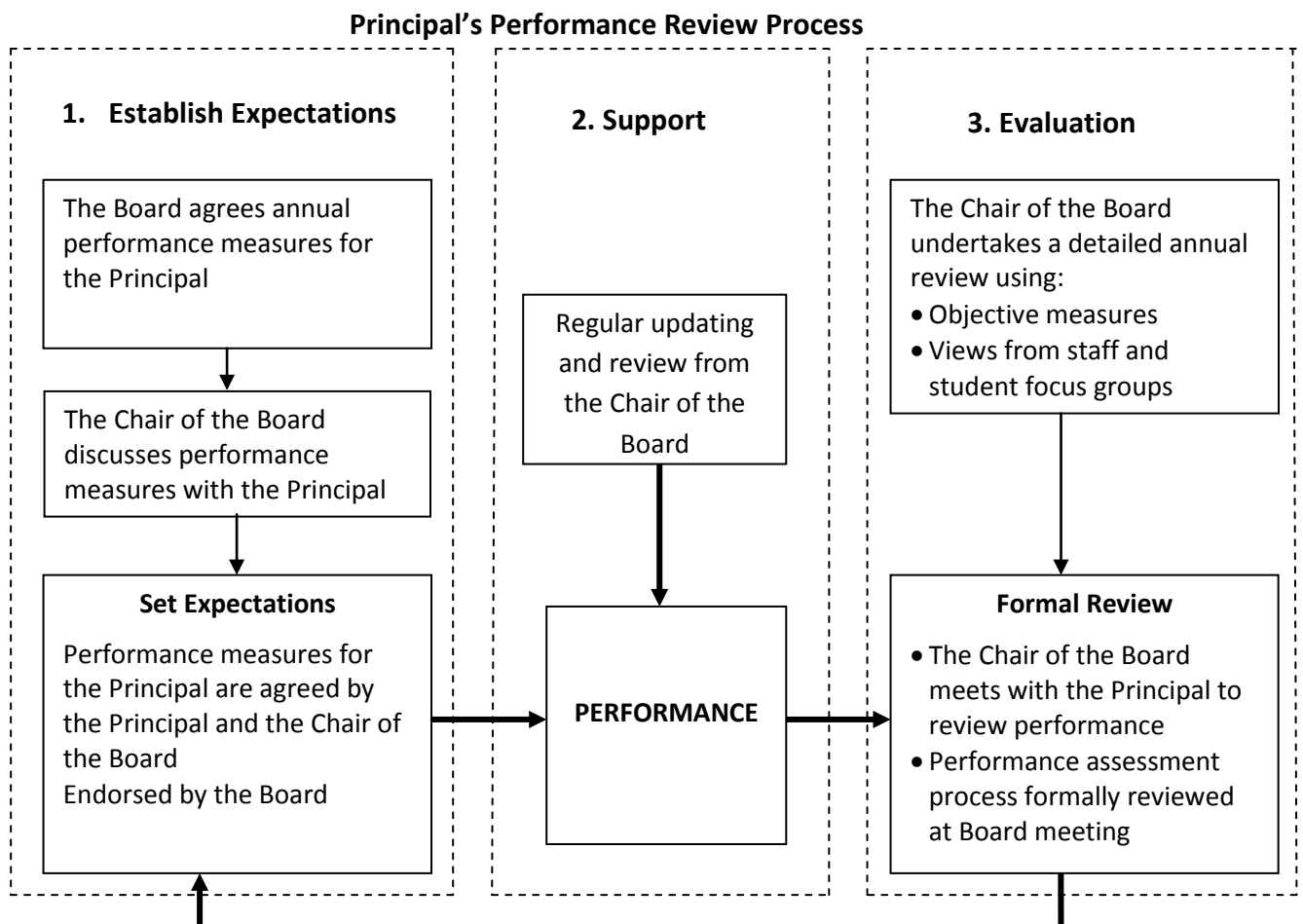
Principal's Performance Review Process

1. Introduction

1.1 The purpose of this paper is to provide the Remuneration Committee with the opportunity to agree the process for setting and monitoring the Principal's performance.

2. The Report

2.1 It is now the remit of the Remuneration Committee to ensure a clear process is in place to set and agree personal performance measures for the Principal. As reported by the Chair of the Board at the last meeting, the Sector is looking to develop a standard approach to be followed by all boards to setting and monitoring the Principal's performance. Until this is available the Chair of the Board would like the Committee to consider the following process:



Board of Management Remuneration Committee

- 2.2 The Principal's performance measures should be aligned to the strategic direction of the Board as well as encouraging the Principals personal development. The measures should take account of the ambitions set out in Vision 2020, Regional Outcome Agreement, Scottish Government Strategy on Developing the Young Workforce, and the Scottish Funding Council Letter of Guidance.
- 2.3 The process above allows for the Chair of the Board to seek views on the College's performance from staff and students. This is planned to take place at the end of the review cycle where the Chair of the Board will meet focus groups, consisting of staff and students, to gain their views on progress on the agreed measures.
- 2.4 The Committee may wish to consider a clear, transparent and agreed link between performance outcomes and remuneration for the Principal.
- 2.5 The Chair of the Board proposes the Committee consider the following themes when setting the Principal's Performance Measures for session 2016-17:
- Pathways to Higher Education, including clarity on college objectives
 - Schools Links
 - Employer Engagement
 - D&G Employability Partnership - outcomes for the College

3. Recommendation

- 3.1 The Committee is invited to discuss and agree the Principals' Performance Review Process and proposed performance measures.