

Board of Management Remuneration Committee

Date: 26 January 2016

Time: 2pm

Room: 1074b

A G E N D A

| | | Presented by |
|----|---|-------------------------|
| 1 | Welcome and Apologies | BJ |
| 2 | Declaration of Interest | BJ |
| 3 | Minute of Meeting of 28 April 2014 | (attached) BJ |
| 4 | Matters Arising | BJ |
| 5 | Review of remit and membership of the Committee | (attached) BJ |
| 6 | Executive Management Team Pay Award 2015-16 | (attached) CT |
| 7 | Succession Planning for the Executive Management Team | (attached) CT |
| 8 | Principal's Annual Performance | Verbal update BJ |
| 9 | Principal's Pay Award 2015-16 | (attached) BJ |
| 10 | Any Other Business | |
| 11 | Date and Time of Next Meeting - TBC | |

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.

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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

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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 please to advise the Committee 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 decided 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.

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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

Minute of the Meeting of the Remuneration Committee of the Board of Management of Dumfries and Galloway College held on Monday 28 April 2014 at 13:00 in Room 2009.

Present: Brian Johnstone (Chair)
Delia Holland
John Henderson

In attendance: Carol Turnbull, Principal
Jannette Brown, Secretary to the Board

1 Apologies for Absence

None

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 25 March 2013 was approved.

4 Matters Arising

None

5 Appointment of Regional Chairs

The Secretary to the Board spoke to the report which had been distributed. She highlighted the appointment of twelve chairs and the remuneration rates for each region. The committee noted the report.

6 Staff Pay Award 2013-14

The Principal spoke to her report which had been distributed. The Principal updated members on the outcome of the Joint Negotiating Committee with the Trade Unions regarding pay award for the period covering August 2013-March 2015. She confirmed that agreement had been reached with EIS to award teaching staff 2% consolidated for the period 1 August 2013 to 31 March 2015. She then went on to confirm that agreement had been reached with UNISON to award support staff £500 per pay scale or 2% whichever was greater consolidated for the period 1 August 2013 to 31 March 2015. This award also ensured the lowest hourly rate being paid was above the current Living Wage guidance. She further explained that agreement had been reached to award an additional 2 days consolidated annual leave to support staff only to be fixed by College management to enable the College to close for additional days at the Christmas period. The Principal confirmed that the cost of the pay award to teaching and support staff were included in the budget already approved by the Board.

The committee noted the award but expressed concern at the additional 2 days annual leave which is 2 lost working days. These lost working days have the potential to increase staff costs if work cannot be absorbed into remaining working days. The committee believes the College already awards generous annual leave to its support staff.

Board of Management Remuneration Committee

7 SMT Pay Award 2013-14

The Principal spoke to her report which had been distributed. The Principal proposed a consolidated pay award to the Senior Management Team of 2% plus 2 days annual leave for the period 1 August 2013 to 31 March 2015. The Principal confirmed that the cost of the pay award to the SMT was included in the budget already approved by the Board.

The committee raised concerns about the increased annual leave entitlement but accepted for fairness should be same as awarded to support staff. The committee approved the award proposed by the Principal.

The Principal left the meeting at this point.

8 Principal's Annual Performance Appraisal

A general discussion took place in relation to Principal's annual appraisal/pay award. The committee agreed that the Principal should be offered the same pay award as the SMT unless the previous Chair had agreed other arrangements. It was agreed that the Chair would take forward with the Principal and report back at the next meeting.

9 Matters Arising

None

10 Date and Time of Next Meeting

The next meeting is scheduled to take place on 23 September 2014 at 2.00 pm.

Board of Management Remuneration Committee

Review of Committee Remit and Membership

1. Introduction

- 1.1 The purpose of this paper is to provide the Remuneration Committee with the opportunity to review the Committee remit and membership.

2 The Report

- 2.1 In a guidance letter from the Scottish Funding Council on 'Seeking Approval for Severance Schemes and Settlement Agreements, the role of the remuneration committee is highlighted. The guidance states
- 'In considering any severance colleges must ensure that issues of regularity, propriety and value for money are fully taken into account. In doing so it is important that policies and procedures are established and applied, including ensuring documentation of decisions is retained and that there is clear evidence of governance oversight. We expect the Remuneration Committee, or equivalent, to undertake robust scrutiny of proposed severance schemes and settlement agreements before recommending approval to the Boards. In the event of complex or sensitive cases it may be necessary for the Remuneration Committee, or equivalent, to meet on a number of occasions. In order to preserve governance boundaries it is important that the Chair of the Remuneration Committee is **not** the Chair of the Board'.*

- 2.2 In the 'Effectiveness' section of the Code of Good Governance for Scotland's Colleges relating to the Principal's performance it states that:

D9. The Board must ensure a clear process is in place to set and agree personal performance measures for the Principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.

D10. There must be a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence to the relevant committee.

Board of Management Remuneration Committee

3. Recommendation

- 3.1 The committee is invited to discuss what changes are required to the remit and membership of the committee in light of the information above, and recommend any changes to the full board.

| REMUNERATION COMMITTEE | |
|------------------------|---|
| 1.1 | Membership: Chair of Board of Management Vice Chair of Board of Management Chair of Finance and General Purposes Committee |
| 1.2 | Quorum 2 members |
| 1.3 | Remit <ol style="list-style-type: none"> 1. To determine and review the salaries, terms and conditions (and, where appropriate severance payments) of the Principal, members of the executive team and the Secretary to the Board; 2. To ensure robust scrutiny of proposed severance schemes and settlement agreements before recommending approval to the Boards 3. To determine the process for setting and agreeing the Principal's performance; 4. To receive annual reports from the Regional Chair on the Principal's performance; 5. To ensure efficient and effective use of public funds; 6. To report to the Board as required – minutes of the meetings should be circulated to the Board. |
| 1.4 | Meeting The Remuneration Committee will meet at least once per year or as required |

**Board of Management
Remuneration Committee**

EXECUTIVE TEAM PAY AWARD 2015-16**1. PURPOSE**

The purpose of this report is to seek approval for a Pay Award to the Executive Management Team (excluding Principal) for the period 1 April 2015 – 31 March 2016.

2. PROPOSAL

Through the National Joint Negotiation Committee a pay award of 1% or £300 (whichever is the greatest), backdated to 1 April 2015, plus 2 additional days annual leave, unconsolidated, has been made to college staff. EIS have rejected this offer and intend to ballot their members for industrial action. UNISON, however, have indicated that they will recommend acceptance of the award to their members, on the proviso that should an improved offer be made to EIS members, this offer will be extended to Support staff.

Executive Team members are not part of National Pay negotiations and any changes to salary/annual leave are at the discretion of the College Board of Management (or delegated Committee thereof).

Historically the Executive Team has been awarded the same pay award and annual leave as has been agreed for the staff across the College. The most recent award was made in August 2013.

The proposal is to award Executive Management Team with a financial award plus additional annual leave in line with the offer made to other staff. This would result in a 1% increase in salary (consolidated) plus 2 additional days annual leave unconsolidated. Again, this would be on the proviso that, should an improved offer be made to other college staff, this will be extended to the Executive team.

The award is for the period 1 April 2015 – 31 March 2016.

3. RECOMMENDATION

The Remuneration Committee is asked to approve the pay award and increase in annual leave to Executive Management Team with effect from 1 April 2015 and to note that the increased costs were included in budget approved by the Board.

Carol Turnbull
Principal
January 2016

Board of Management Remuneration Committee

SUCCESSION PLANNING FOR EXECUTIVE TEAM

1. PURPOSE

The Board of Management, at a previous meeting, asked the Principal to consider succession planning in respect of the Executive team.

2. BACKGROUND

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. If the Board of Management would hope to recruit high calibre staff they would need to consider aligning Executive Team salaries with the sector average, particularly if this involved someone relocating to Dumfries and Galloway.

Upon reviewing salaries across the sector, the average salary for a member of the Executive Team is £74,407 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 average salaries for Executive Team members at Dumfries and Galloway College is £60,096, 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 £62,285. As this is a very broad range more specific information can be provided for Colleges of a similar size as follows:

| | 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 significantly lower salary than their counterparts in other similar size colleges. 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.

Board of Management Remuneration Committee

3 PROPOSAL

1 Traditionally the Director of Human Resources was paid at a slightly lower rate as they did not deputise for the Principal.

It is proposed that the salary of the Director of Organisational Development and Facilities is brought in line with that of the other members of the Executive Team (with effect from 1 April 2016) in recognition that this post will also deputise for the Principal when required.

2 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. However, in view of the current situation regarding national negotiations and the sensitivities around this, it is not proposed to implement this at this time.

5 RECOMMENDATION

Members are asked to consider and approve the above proposal.

Carol Turnbull
Principal
January 2016

**Board of Management
Remuneration Committee**

PRINCIPAL'S PAY AWARD 2015-16**1. PURPOSE**

The purpose of this report is to seek approval for a Pay Award to the Principal for the period 1 April 2015 – 31 March 2016.

2. PROPOSAL

Through the National Joint Negotiation Committee a pay award of 1% or £300 (whichever is the greatest), backdated to 1 April 2015, plus 2 additional days annual leave, unconsolidated, has been made to college staff. EIS have rejected this offer and intend to ballot their members for industrial action. UNISON, however, have indicated that they will recommend acceptance of the award to their members, on the proviso that should an improved offer be made to EIS members, this offer will be extended to Support staff.

The Principal is not part of National Pay negotiations and any changes to salary/annual leave are at the discretion of the College Board of Management (or delegated Committee thereof).

Historically the Principal has been awarded the same pay award and annual leave as has been agreed for the staff across the College. The most recent award was made in August 2013.

The proposal is to award the Principal a financial award plus additional annual leave in line with the offer made to other staff. This would result in a 1% increase in salary (consolidated) plus 2 additional days annual leave unconsolidated. Again, this would be on the proviso that, should an improved offer be made to other college staff, this will be extended to the Principal.

The award is for the period 1 April 2015 – 31 March 2016.

3. RECOMMENDATION

The Remuneration Committee is asked to approve the pay award and increase in annual leave to the Principal with effect from 1 April 2015 and to note that the increased costs were included in budget approved by the Board.

Brian Johnstone
Regional College Chair
January 2016