

Annual Statement on Remuneration of Senior Post Holders 2021/22

1. Introduction

Milton Keynes College Group has adopted the AOC Colleges' Senior Post Holder Remuneration Code (the Code) and as required by the Code, publishes this annual statement.

Senior Post Holders (SPHs) are appointed by the Board of Governors. The SPHs in the year ending 31st July 2021/22 were CEO and Group Principal (Dr Julie Mills OBE) (to 31st August 2022), Group Chief Operating Officer (Imelda Galvin) (to 31st January 2022) and Head of Governance (Karen Brown).

As at the date of this report, the posts designated as SPH are:

- CEO and Group Principal (Sally Alexander)
- Chief Operating Officer (vacant)
- Head of Governance (Karen Brown)

The Remuneration Committee did not meet in 2021/22 but approved its Terms of Reference, Committee Annual Report and SPH Annual Report by written resolution (email).

2. Remuneration Policy

The College is committed to ensuring that SPH remuneration is fair, appropriate, and justifiable, that procedures and decision making are fair and transparent, that proper accountability is demonstrated and that an appropriate balance is struck between recruiting, retaining and rewarding the best staff possible, whilst delivering the best outcomes for students and demonstrating effective use of resources.

SPHs receive an annual salary. There are no performance-related bonuses or other benefits. SPHs are enrolled in either the Local Government Pension Scheme (LGPS) or the Teachers' Pension Scheme (TPS).

3. Decision Making Processes

The Board of Governors has a Remuneration Committee made up of external governors and served by the Head of Governance (clerk to the Corporation). As at November 2022, the members of the committee were Gwynneth Tan (Committee Chair), David Meadowcroft (Chair of Governors), Alan Cook (Chair of Audit & Risk Committee), Ruby Parmar (Chair of

Search & Governance Committee) and Charlynn Pullen (Chair of the Curriculum & Quality Group).

To inform its decisions, the Committee receives relevant external comparators (using data from the most recent AOC Senior Pay Survey of colleges with a similar income level, location and scope of operations) and the performance of each SPH in relation to the College's strategic priorities and financial health.

The Board has delegated responsibility to the Remuneration Committee for reviewing and making decisions on the remuneration of the College's SPHs. The Board is advised when the Committee has met.

4. Strategic Objectives

The Board agrees strategic priorities annually which are aligned to the College's Strategic Plan. The Board monitors progress through the CEO's report and Board agenda items. In her CEO's report to the Board on 13th July 2022, the CEO summarised progress at the end of the 2021/22 academic year.

The Board operates a Carver style of governance where the full Board meets eight or nine times a year with only statutory committees. Task & Finish Groups provide an additional layer of scrutiny of quality, finance and capital projects. Governors have significant experience across a range of specialisms including Education, Finance and Business.

The College is rated as Good by Ofsted following its inspection in May 2017 and is rated as having good financial health by the ESFA.

The Board also ensures that identified risks are included in the College's Strategic Risk Register and that appropriate action is taken to manage and mitigate the effects of these risks.

5. Emoluments of the CEO and Group Principal

The CEO is the College's Accounting Officer and the highest paid member of staff.

Table 1: Total Remuneration CEO and Group Principal over time and Pay Multiples

1 st August 2021 to 31 st July 2022	2021/22 £	2020/21 £	2019/20 £	2018/19 £	2017/18 £
Salary	175,000	164,583	150,000	150,000	150,000
Performance Related Pay	None	None	None	None	None
Benefits	None	None	None	None	1,000
Subtotal	175,000	164,583	150,000	150,000	150,000
Pension Costs	40,390	38,973	34,620	24,000	24,000
Total	215,390	203,556	184,620	174,000	175,000
Pay multiple of the CEO & Group Principal ¹	7	6.34	6.0	5.05	5.38

¹ The pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce.

6. Expenses

All expenses paid to SPHs are solely in reimbursement of expenses incurred in the furtherance of the business of the College and comply with the College's Financial Regulations and Expenses (Travel and Subsistence) Policy and Guidelines. Expenses of SPHs and governors are reported to the Audit and Risk Committee annually and are published on the College website.

7. External Appointments

SPHs may represent the College on various bodies and boards and / or carry out academic and civic responsibilities at other organisations. Where this is the case, the activity will be agreed by the line manager as part of the role and any income generated may be retained by the College.

The CEO and the Head of Governance are directors / company secretary of subsidiary companies of the College for which they receive no additional remuneration.

The former CEO also served on the following external bodies (unremunerated) in 2021/22: Helena Kennedy Foundation, Women Leaders UK, MK Dons SET, MK Business Leaders.

The current CEO serves on the Board of CIWM (Chartered Institute of Waste Management (unremunerated).

8. Severance Payments

Appropriate severance payments require three key elements – namely:

- a) Reasonable, appropriate, and justifiable amount.
- b) Procedural fairness.
- c) Transparency and accountability.

Where severance payments relating to SPHs are under consideration, advice is taken from the external auditor to ascertain the legitimacy of any proposed payment. The Board complies with the Association of Colleges' Senior Post Holder Remuneration Code in relation to severance payments. In line with the funding agreement, the Board will draw any such payments to the attention of the College's regularity auditor.

There were no severance payments to SPHs in the 2021/22 accounting year.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is a decision making committee of the Board of Governors.

The aim and purpose of the Committee is to decide on the remuneration of the holders of senior posts, as detailed in the Instrument and Articles of Government and the College's Standing Orders.

1. CONSTITUTION AND MEMBERSHIP

- 1.1 The Committee will comprise the Chair of Governors, the Vice-Chair(s) of Governors, the Chair of Audit Committee and two other Governors. The CEO & Group Principal, Staff Governors and Student Governors shall not be appointed to this Committee. The CEO & Group Principal will attend at the invitation of the Chair.
- 1.2 The quorum for the Committee will be three full Board members.
- 1.3 The Committee will meet a minimum of once per year
- 1.4 The Committee will select a Chair annually from its members but excluding the Chair of Governors.
- 1.5 The Head of Governance (Clerk to the Corporation) will act as Clerk to the Committee, but will withdraw when her/his annual salary and benefits are discussed

2. TERMS OF REFERENCE

- 2.1 To consider and decide upon the conditions of service and terms of employment of the CEO & Group Principal, the Head of Governance and other Senior Post-Holders
- 2.2 To consider and decide upon the annual salary and benefits payable to the CEO & Group Principal and the Head of Governance
- 2.3 In conjunction with the CEO & Group Principal, to determine the annual salary and benefits payable to other Senior Post-Holders
- 2.4 To determine and implement a mechanism for the annual appraisal of the CEO & Group Principal and the Head of Governance.
- 2.5 To monitor and review the College's policy and procedures for the annual appraisal of Senior Post-Holders

3. COMMITTEE REPORTING & METHOD OF WORKING

- 3.1 Senior Post-Holders are all appointed on a spot salary and their pay and conditions are the responsibility of the Board. The Remuneration Committee has delegated authority from the Board to decide on the remuneration of all Senior Post-Holders. The Chair of Governors will report to the Committee on the performance of the CEO & Group Principal and the Head of Governance. This report is informed by the individual appraisal meetings the Chair of Governors holds with them, carried out in accordance with the College-wide Performance & Development Review (PDR) system. The Committee will also receive a report, either written or verbal, from the

CEO & Group Principal on other members of the senior team, based on their PDR meetings.

In making its decisions, and when reviewing the report, the Committee will consider the following criteria:

- Affordability in terms of college finances
- Parity of treatment across college but recognising the importance of stability at Senior Post-Holder level
- Performance based on both personal achievement against set targets and overall College success
- Benchmarking across the sector with similar posts via AOC Payskills survey and other relevant national and local market information
- Skills supplements to recruit staff in shortage areas
- Ability to recommend one-off, modest, non-consolidated discretionary awards for exceptional in-year performance, if considered appropriate by the Committee

Throughout the year, Governors are invited to discuss with the Chair of Governors any issues, positive or negative, relating to the performance of the CEO & Group Principal, the Head of Governance or the senior team and these will either be addressed immediately, if this is appropriate, or will inform the Chair of Governors' report to the Committee.

- 3.2** The Committee meets without the CEO & Group Principal being there whilst his/her personal performance and remuneration is discussed but with the Head of Governance in attendance to minute the proceedings; the Head of Governance then leaves while his/her performance and remuneration are reviewed, and this is minuted separately;
- 3.3 The Remuneration Committee will report to the Board, on an annual basis, that it has met and made decisions regarding the remuneration of Senior Post-Holders, using the process set out in its terms of reference.
- 3.4 The Chair will inform the CEO & Group Principal and Head of Governance of the Committee's decisions on their remuneration, terms and conditions; and ask the CEO & Group Principal to inform the senior team of the Committee's decisions.
- 3.5 Discussion on remuneration issues will be kept confidential at Board meetings and the minutes kept in a confidential file by the Head of Governance.
- 3.6 Minutes and papers referring to remuneration issues relating to the Head of Governance will be kept in a separate file by the Chair of the Corporation.
- 3.7 Confidential minutes of the Remuneration Committee will be available to all Governors (excepting Staff and Student Governors) on request.
- 3.8 Any additional meetings of the Committee will follow the same process and procedures as set out above for the annual review meeting.