



## **HOPWOOD HALL COLLEGE FURTHER EDUCATION CORPORATION**

### **APPRAISAL & REMUNERATION COMMITTEE TERMS OF REFERENCE**

#### **1. Constitution**

The Hopwood Hall College Corporation hereby resolves to adopt the following terms of reference for the Appraisal & Remuneration Committee.

#### **2. Objective**

- 2.1 The Appraisal & Remuneration Committee shall, as far as is reasonably practical, operate in accordance with the Association of Colleges (AoC) "Colleges' Senior Postholder Remuneration Code" and HM Treasury's Managing Public Money requirements. The Committee shall review and recommend to the Corporation Board the policy on executive remuneration together with recommendations on the specific remuneration packages of the Principal & Chief Executive, the Deputy Principal, the Executive Director Finance, Estates & Risk Management and any other positions designated by the Corporation Board as Senior Posts so as to:

- ensure that the Principal & Chief Executive and the Designated Senior Postholders are fairly rewarded for their individual contributions to the College's overall performance; and,
- demonstrate to the public that the pay of the Principal & Chief Executive and Designated Senior Postholders is reviewed by a Committee which has no personal interest in the outcome of its decisions and which gives due regard to the interests of the public and of the financial health of the College.

#### **3. Membership**

- 3.1 The Committee shall be appointed by the Corporation and shall consist of:

- Up to five members, (or such other numbers as the Corporation may from time to time determine);
- Members of the Committee, who are members of the Corporation, shall, at the Corporation's discretion, serve for the same term of office as their appointment as a member of the Corporation.
- Co-opted members of the Committee will be appointed by the Corporation and will serve for a period of up to four years (the first 12 months of which will be a probationary period), after which time their membership will be reviewed
- The Chair of the Committee shall be appointed by the Corporation.
- The Principal will not be a member of the Committee but will attend in an advisory capacity where appropriate
- The Chair of the Corporation will be a member of the Committee but will not chair the Committee

- 3.2 A quorum shall be two Members of the Remuneration Committee.
- 3.3 Members retiring at the end of their term of office shall be eligible for re-appointment by the Corporation.
- 3.4 The Clerk to the Corporation shall be responsible for overseeing the clerking arrangements for meetings of the Appraisal & Remuneration Committee.

#### **4. Frequency of Meetings**

- 4.1 The Appraisal & Remuneration Committee shall normally meet at least once in each academic year (i.e. 1 September to 31 August).
- 4.2 In accordance with provisions in the Instrument & Articles of Government of the College, "meeting" includes a virtual meeting at which the members attending are present in more than one room, provided that by use of video or telephone conferencing facilities and/or electronic communication, it is possible for every person present at the meeting to communicate with each other.

#### **5. Authority**

- 5.1 The Appraisal & Remuneration Committee is authorised by the Corporation Board to investigate any activity within its terms of reference.
- 5.2 It is authorised to seek any information it requires from any employees of the College and all employees of the College are directed to co-operate with any request made by the Committee.
- 5.3 The Appraisal & Remuneration Committee is authorised by the Corporation Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary provided that the Committee shall not incur direct expenditure in this respect in excess of £10,000 in any College financial year without the prior approval of the Corporation Board.
- 5.4 The Committee may also require experts to be present and to advise when drafting disclosures to be made in the Corporation's report and accounts.

#### **6. Duties**

- 6.1 The Appraisal & Remuneration Committee shall advise the Corporation Board on specific remuneration packages of the Principal & Chief Executive, the Deputy Principal, the Executive Director Finance, Estates & Risk Management and any other posts designated by the Corporation Board as Senior Posts and in doing so shall consider the following components:
- basic salary;
  - benefits in kind;
  - annual bonus/performance related elements;
  - pension provisions;
  - the main terms and conditions in the service agreement for each designated Senior Postholder, with particular reference to the notice provisions.
- 6.2 The Appraisal & Remuneration Committee shall evaluate annually the specific remuneration packages of the Principal & Chief Executive and Designated Senior Postholders against:
- pre-established performance goals and objectives;
  - the context in which the College operates;
  - the AoC's annual survey on the remuneration of Senior Postholders;

- market rates
- an appropriate peer group

For that purpose, the Committee will review and assess performance targets and objectives established before the commencement of the relevant period and determine whether such targets and objectives have been achieved at the end of the relevant period.

6.3 The Appraisal & Remuneration Committee shall advise the Corporation Board on any compensation (including the augmentation of pension benefits) which may be payable in the event of an early termination of the employment of the Principal & Chief Executive or other Designated Senior Postholder with the broad aim of:

- avoiding rewarding poor performance; and
- dealing fairly with cases where early termination is not due to poor performance

6.4 The Appraisal & Remuneration Committee shall review on a continuing basis the Corporation's policy in relation to:

- all aspects relating to the remuneration of the Principal & Chief Executive and the Designated Senior Postholders including levels, comparator groups of colleges, component elements, performance criteria and compensation commitments on early termination;
- main component elements in the specific remuneration packages of each designated Senior Postholder, such as salary, benefits in kind, individual bonuses and pension entitlements;
- any service agreements which provide for, or imply, notice periods of more than one year (or any provisions for pre-determined compensation on terms which exceed one year's salary and benefits) together with an explanation of the reasons for any longer notice period

6.5 In accordance with the senior pay controls guidance and Managing Public Money requirements, the Committee (following agreement from the Board) will ensure that approval is sought in advance from the Department for Education / ESFA for:

- New appointments ((before the post is advertised) with proposed remuneration at or above £150,000 or performance related pay above £17,500
- Existing staff whose remuneration exceeds £150,000 and who are awarded a pay increase above 9%
- Existing staff whose current remuneration is below £150,000 but a pay award of over 9% takes it to or above that figure

6.6 In accordance with the special payments guidance and Managing Public Money requirements, the Committee (following agreement from the Board) will ensure that approval is sought in advance from the Department for Education / ESFA for special staff severance payments where any of the following scenarios arise individually or collectively:

- the proposed special staff severance payment is for £50,000 or more (gross, before income tax or other deductions) Page 4 of 6
- the proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions)
- an exit package which includes a special staff severance payment is at, or above, £100,000
- the employee earns over £150,000

#### 6.6.1 Compensation Payments

Where a non-statutory/non-contractual payment of £50,000 or more is being considered

- 6.6.1 Ex-gratia payments and other types of special payment as detailed in the Managing Public Money document
- 6.7 The Appraisal & Remuneration Committee shall consider and advise the Corporation Board on the Continuing Professional Development (CPD) needs of the Principal & Chief Executive and the Designated Senior Postholders in the context of the overall College objectives and Strategic Plan.

## **7. Reporting Procedures**

- 7.1 The Appraisal & Remuneration Committee shall produce a Remuneration Annual Report to the Corporation Board in accordance with Section 3 of the Appendix to the AoC's Colleges' Senior Postholder Remuneration Code.
- 7.2 Unless specified otherwise by the Appraisal & Remuneration Committee, the Minutes of Committee Meetings shall be presented to the Corporation Board as a confidential agenda item.

**Approved by the Corporation Board on 29<sup>th</sup> June 2023**