

MINUTES OF THE REMUNERATION COMMITTEE MEETING HELD ON 19 MAY 2022 AT 12 NOON. MEETING HELD VIA ZOOM.

PRESENT:

Sandra Heidinger	Committee Chair
Gordon McGuinness	Board Member
David Newall	Board Chair
David Watt	Board Member

IN ATTENDANCE:

Jon Vincent (JV), Principal (left the meeting at 12:55)
Lorraine McGaw (LMcG), Assistant Principal: Human Resources (left the meeting at 12:55)
Alex Killick (AK), 'Leading Kind' (left the meeting at 12:40)
Kirsty Mavor, Clerk to the Board (Minute Taker)

22.09 WELCOME AND APOLOGIES

The Committee Chair welcomed everyone to the meeting.

22.10 DECLARATIONS OF INTEREST

Both Jon Vincent and Lorraine McGaw declared an interest in the discussion about Senior Management pay. It was agreed that it was appropriate for the Principal and Assistant Principal to contribute to general discussions pertaining to senior management as 'a class' but not in discussions concerning their individual roles. It was confirmed they would be asked to leave the meeting for the final part of the discussion by Committee members only.

22.11 MINUTES OF MEETING HELD ON 23 FEBRUARY 2022.

The minutes of the last meeting were approved as an accurate record. These minutes will now be published.

22.12 MATTERS ARISING/ACTION GRID

The Committee noted the actions from the last meeting had been completed or were on the agenda as referred to in the action grid.

When looking at the Action Grid, the Chair referred to the action from the Board meeting held on 28th October 2020 when the Remuneration Committee was initially tasked with the development of a pay award system linked to individual performance. This task from the Board was a key driver for this continuing business of the Remuneration Committee.

22.13 SENIOR TEAM PAY EVOLUTION STAGE ONE – DEVELOPING A TRUSTED PERFORMANCE MANAGEMENT SYSTEM

A Killick, external consultant from 'Leading Kind', updated the Committee on his recent meeting with the Senior Leadership Team

(SLT) and the main points conveyed in relation to the possibility of individual performance related pay being introduced.

Overall, the SLT has a strong commitment to developing a robust performance management system. They supported the setting of individual objectives linked to the cascading of organisational KPIs and with associated performance ratings. However, the views presented in relation to linking individual members of the SLT's pay to this performance management system differed. A Killick advised that there is a strong sense of collective endeavor amongst the SLT and concerns were raised that individual performance related pay may have indirect consequences on the cohesiveness and morale of the SLT. The SLT all agreed that any changes introduced should include shifting the pay cycle to be broadly in line with the academic year (starting 1 September 2022).

AK outlined a possible base and salary progression approach where the salary level of the SLT member would be within a pay range with the maximum set at the median for that role based on pay rates at a number of chosen benchmark Colleges. This approach would allow for a cost of living rise (possibly capped) in accordance with public sector policy and discretion to award progression within the range based on an individual's contribution to the SLT's collective objectives. Any individual with a performance rating below satisfactory would not receive any discretionary award payable. This option was presented as a way of aligning this performance related pay review with the views of the SLT about working as a collective group.

The Committee discussed the pros and cons of the proposed approach and how it would work in practice. In particular, the Committee questioned whether the median point was a robust benchmark as the impact of turnover on such a small pool of Colleges can be disproportionate. The Committee agreed that the key starting point was ensuring a robust performance management system was in place.

The Committee thanked A Killick for his update report and for presenting his proposed approach.

A Killick left the meeting at 12:40.

22.14 SENIOR LEADERSHIP PAY CONTEXT AND BENCHMARKING

L McGaw spoke to this paper which is presented annually so that the Committee is aware of the current context in relation to pay awards. Details were provided in the following areas (i) College's financial position (ii) Public Sector Pay policy (iii) National Bargaining Discussions (iv) SLT Salaries (v) Pay Award date (vi) Ratio between CEO and median pay and (vii) Association of College's Senior Pay Survey 2020. Historical pay award data was also provided together with details of SLT salaries.

The Committee thanked L McGaw for this comprehensive report and suggested that it would be worth including in the next report details of the current rates of inflation and also benchmark data comparing the ratio of the Principal's salary to the median salary within other Colleges.

It was agreed that the table presented at the top of Appendix 1 should be shared with the Board so it was made aware of the historical increases in the SLT's salaries.

22.15 PAY AWARD HISTORICAL DATA

L McGaw spoke to a report providing historical data on the pay awards received by each staffing group since 1 April 2017. The Committee noted the percentage increase for SLT salaries was low compared to other staff groups; for example, in the five years since 2017, the Principal had received pay awards totaling 4.62%. During the same period, Senior Lecturing staff had received pay awards of over 10%, with an award for 21/22 still to be made and unconsolidated awards paid over and above this.

12.55 L McGaw and Jon Vincent left the meeting

The Committee discussed the available information and was pleased to note that there was strong support amongst the SLT for a robust performance management system. Remuneration Committee was minded to accept the SLT's strong feelings in relation to individual performance related pay with the focus of any performance related pay system being on collective achievement of ambitious objectives rather than individual achievements.

The Committee agreed the following: -

1. Pay award timings should be moved to 1 September in each calendar year to be in line with other staff groups and to align with the College year.
2. A performance management system for the SLT should be set up prior to 1 September 2022. This performance management system should be agreed with this Committee before it is introduced. This should ensure the cascading of corporate objectives from the Principal to his senior team.
3. It is expected that the performance management system will include categories such as exceeds expectations, meets expectations, fails to meet expectations. If any member(s) of the SLT fails to meet expectations they may not be entitled to pay progression.
4. Before a final decision in relation to collective performance related awards is made this Committee needs to be satisfied that a robust and reliable performance management system is in place. This will be revisited at a later date.

5. In line with the Senior Management Pay Policy, the Committee considered the College's financial position, noting the challenges facing Clyde and the sector as a whole. The Committee noted the current position with regards to national bargaining for other College staff and the context of the Public Sector Pay Policy. Whilst the College had recently adhered strictly to this pay policy, it was recognised that the Senior Management Pay Policy confirmed that the SG Policy would, 'normally' set the parameters for the Committee's decision making. This year, the SG Policy would allow SLT to receive between 0.37% and 0.69% increases. In light of the likely minimum levels of the national pay awards, prevailing inflation levels and the SLT performance in a further exceptional year, the Committee felt that an award above this level was merited. The Committee's preliminary view was that the SLT should receive a pay award of 1.5% for 2022/23. This percentage increase was at a lower level than the current national offer for all staff categories made under the National Bargaining pay round. It was agreed that a final decision should not be made in relation to this until further information is provided about the cost impact of this decision and the impact, if any, on gender pay equality and the ratio between the Principal's and median pay. Once this information is received the Committee will make a final decision via email correspondence.

This pay award will apply from 1 April 2022 and will be backdated to this date. The Committee will consider the shift in the pay year when pay rates are decided for 2023/24.

22.16 EQUALITIES IMPACT ASSESSMENT ON DECISIONS MADE

An equality impact assessment is to be carried out before a final decision is made on pay awards for SLT.

22.17 REVIEW OF PAPERS (including disclosable status)

All papers are non- disclosable.

22.18 ANY OTHER BUSINESS

It was agreed that an extra meeting should be held in August/September for the Committee to consider the performance management system which will be introduced. Also, a governance review of the Remuneration Committee should be carried out considering the Association of Colleges Remuneration Committees Code.

DATE OF NEXT MEETING

TBC –August or September 2022