

LUMINATE EDUCATION GROUP

ANNUAL REPORT OF THE REMUNERATION COMMITTEE 2021/22

1 INTRODUCTION

- 1.1 In 2019 the Remuneration Committee supported the adoption of the AoC (Association of Colleges) and the CUC (Committee of University Chairs) Remuneration Codes ('the Codes').
- 1.2 The Codes set out a requirement to publish a readily accessible annual statement, based on an annual report to the Governing Body. This report serves to fulfil that requirement and follows the suggested format contained within the Codes.
- 1.3 The role of the Remuneration Committee is to advise on the remuneration and conditions of service of senior staff within the Luminare Education Group ('the group'), currently:

Group CEO
Deputy CEO & Executive Principal of Leeds City College
Deputy CEO Curriculum & Quality
Group Vice Principal, Adults
Group Vice Principal, Development
Principal, Leeds Conservatoire
Principal, Harrogate College
Principal, Keighley College
Chief Financial Officer
Group Director of People, Development & Culture

2 REMUNERATION COMMITTEE

- 2.1 The committee continued to benefit from strengthened membership during 2021/22, current membership being:

Becky Hewitt (co-opted member)
Jenny Hoy (co-opted member)
Carolyn Lord (governor member)
Shaid Mahmood (governor member)
John Toon (governor member and chair of the committee)

The Group CEO is ineligible for membership of the Remuneration Committee. However, the Group CEO and other senior staff are permitted to attend meetings of the committee, by invitation from the chair, to present specific reports, information or recommendations. The new Director of People, Development & Culture has more recently been invited to attend meetings to provide HR advice to the committee. The committee's terms of reference make it explicit that any member of staff present shall withdraw from that part of any meeting at which their remuneration is under discussion and take no part in related decision making.

- 2.2 The Chair of the Governing Body serves as a member but not as Chair of the Remuneration Committee.
- 2.3 The Remuneration Committee was clerked throughout the year by Melanie Halstead, Director of Governance. This role is independent of management.
- 2.4 The constitution and terms of reference of the Remuneration Committee continue to be reviewed on an annual basis and remain compliant with the requirements of the Codes.

2.5 The committee meets at least three times per year in order to ensure it fulfils its terms of reference. All meetings held during 2021/22 were quorate. Full minutes of meetings are prepared with decisions clearly identified and action points noted. Feedback from the Remuneration Committee is provided to the Governing Body following each of its meetings, along with any recommendations for consideration/approval by the Governing Body.

2.6 The Remuneration Committee regularly reviews its own effectiveness. Following its most recent review (November 2022), members remain satisfied that the committee has operated effectively throughout the year and has fulfilled its terms of reference. It was felt that the committee had benefited from its strong membership, bringing a broad range of perspectives, challenge and support. The review process consisted of individual review sessions, providing an opportunity for committee members to discuss a range of topics including overall effectiveness, their own development in the role, succession planning, and any further training/development required. The following suggestions for enhancing committee effectiveness were made:

- More engagement between the committee and the FE college boards within the group - it is suggested that the chair of each board be invited to attend a Remuneration Committee meeting to co-present with the CEO their respective board's recommendation in relation to senior staff remuneration and appraisal outcomes (usually in November each year).
- Closer working between the Remuneration Committee and the Governance & Nominations Committee in relation to succession planning and diversity.

The following areas for particular focus by the committee over the next 12-18 months were also identified:

- Senior Staff Succession Planning (covering a range of options)
- Health and Wellbeing of Senior Staff
- Senior Staff Diversity

3 GROUP PEOPLE STRATEGY

3.1 A strategic priority of the Luminate Education Group for 2022/23 is to refresh and enhance its People Strategy to ensure:

- the competitive recruitment of high quality staff;
- staff retention and internal progression is maximised through a high performing culture and effective performance management;
- the diversity of the staffing body is improved so that it better reflects the communities it serves;
- the wellbeing of staff.

The areas of focus identified from the Remuneration Committee's own effectiveness review (summarised at section 2.6 above) will support the achievement of this group strategic priority.

4 APPROACH TO REMUNERATION

4.1 In October 2021 the committee reviewed and agreed a revised Group Remuneration Policy for Senior Staff. The policy has been devised with regard to the principles of the Remuneration Codes, including:

- a fair and competitive salary offer to attract and retain high performing staff;
- a framework for senior staff remuneration that is affordable; and
- decision-making processes for senior staff remuneration that are fair, transparent and accountable.

The policy is scheduled for a further review in 2023.

4.2 The Remuneration Committee met on 29 November 2022:

- to review the outcomes of senior staff performance appraisals and the achievement of objectives set for the previous year;
- to review the overall remuneration of those staff within its remit; and
- to recommend any changes to senior staff remuneration.

4.3 Following a previous agreement to disband the performance related pay (PRP) scheme for senior staff, none of the senior staff within the committee's remit were eligible for PRP during 2021/22.

4.4 To support its annual review of remuneration, a revised 'bottom up' approach was introduced in 2021 whereby the relevant FE college board, in conjunction with the Group CEO, reviews the remuneration package of its senior staff and makes recommendations to the Remuneration Committee. The committee then reviews and moderates these proposals in order to inform its final recommendations to the Governing Body.

4.5 The committee has also considered relevant benchmarking information to compare the remuneration to national averages for similar posts in similar organisations.

4.6 The Remuneration Codes require justification for any retention of external income by senior staff in addition to their remuneration. This requirement continues to be met through an exclusivity clause in contracts of employment and the group's financial regulations that require staff to obtain express permission for additional external work (whether or not it is remunerated).

4.7 The Remuneration Codes require publication of the pay multiple of the CEO and the median earnings of the whole workforce. The following figures are reported in the Luminare Education Group financial statements:

	<u>2022</u>	<u>2021</u>
CEO's basic salary as a multiple of the median of all staff:	7.2	7.4
CEO's total remuneration as a multiple of the median of all staff:	7.5	7.6

The calculation for median pay is based upon the full time equivalent salary of all staff who have been employed during the year plus the actual payments for other pay costs.

The following figures are reported in the Leeds Conservatoire financial statements:

"Professor Wilson's salary represents 2.5 (2021 - 2.4) times the median contractual salary paid out and his total remuneration 2.6 (2021 - 2.4) times the median total remuneration paid out to staff during the year."

4.8 The group's policy on expenses is set out in its financial regulations.

John Toon
Chair of the Remuneration Committee
November 2022