

2021-22 Group Remuneration Committee Annual Report to the LSEC Corporation & LSEAT Board

Throughout the academic year ended 31 July 2022, the Group Remuneration Committee comprised three members.

The Committee's responsibilities are to make recommendations to the Corporation and Trust Board on the remuneration and benefits of the Group CEO & Principal, senior post-holders, and other senior staff in accordance with the Group Executive Pay Policy.

Remuneration Code and Regulation for Senior Staff

The College has adopted the AoC's Senior Post Holder Remuneration Code (AoC SPHRC) and to the extent to which it applies, the Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs (CUC).

The Board decided against adopting the CUC Higher Education Staff Remuneration code but has instead, complied with AoC's SPHRC because:

- a. Both codes cover the same areas and require college leadership to implement similar assurance and compliance measures
- b. Both have been designed to provide transparency and protect institutional and sector reputation by demonstrating stewardship and leadership in relation to remuneration within their institutions
- c. AoC's SPHRC has been designed to be more directly relevant to the circumstances of the colleges
- d. AoC's SPHRC is also identified in ESFA's accounts direction as suitable for adoption

The Code requires the College to publish a readily accessible annual statement based on the annual report to its Governing Body.

For the Trust, it is a requirement of the Academies Financial Handbook that details of the remuneration of the staff earning over £100k are published on the Trust Website and within the Financial Statements.

This report forms the basis of this requirement and will be published on the College and Trust websites.

Group Remuneration Committee Responsibilities

The Committee's responsibilities are outlined in the Terms of Reference which detail the key purpose of the Committee is

- To review and determine the remuneration and conditions of service of the Senior Post Holders of the College including the Governance Professional & Clerk to the Boards, taking into consideration the individual's contribution and value to the overall performance of the College, the financial health of the college, equality, diversity and inclusion, sector remuneration comparators and the context in which the College operates.
- To adhere to the principles of the AoC Senior Postholder Remuneration Code 2018.
- To monitor the appraisal, performance review and/or target setting process of the Senior Postholders and the Governance Professional & Clerk to the Boards

- To review and determine on behalf of the Corporation and Trust Board (where appropriate), the Executive Pay Policy which outlines the remuneration of the Group Executive Team, including Senior Post Holders and the Governance Professional & Clerk to the Boards and that this is updated at least every three years against available benchmarking.
- Committee will act in an advisory capacity and make recommendations to the Independent Boards for approval.
- The Committee will periodically scan the horizon for Good Governance practice and application, through membership organisations e.g. NGA, CST, AOC and the DfE, to support and recommend changes to governance models and/or practice.

The Committee's recommendations to the Corporation and the Trust Board are made in accordance with the Executive Pay Policy revised and updated in July 2021.

The Remuneration for the Group CEO & Principal is considered annually by the Remuneration Committee, which makes a recommendation to the Corporation and Trust Board.

The Group CEO & Principal is not involved in setting this remuneration.

Membership of the Committee over the reporting period September 2021 to July 2022 is as follows

- Stephen Howlett CBE, DL (Group Chair: Remuneration Committee Chair from January 2022)
- David Eastgate (Chair LSEC Corporation appointed January 2022)
- Mark Burnett (Chair LSEAT Board resigned July 2022)

In attendance:

- Janet Curtis Broni (Group Chief People Officer)*
- Dr Sam Parrett, OBE (Group Principal & CEO)*
- Jennifer Pharo, (Group Executive Director Governance & Clerk to Corporation)*

*Are not in attendance during discussions relating to their own remuneration.

The Committee convened three times on the following dates throughout the reporting period: 21 October 2021, 26 January 2022 and 11 May 2022

The Committee's Terms of Reference and Operating Procedures are reviewed annually and were last approved by the Corporation and Trust Board on 13 July 2022 within the 2022-23 Group Standing Orders..

The key management personnel covered within this report include

- Dr Sam Parrett, OBE Group Principal & CEO and Accounting Officer*
- John Hunt Group Chief Finance Officer*
- Asfa Sohail Executive principal CLO* (from February 2022)
- David Lambert College Principal* (moved post February 2022)
- Louise Wolsey Group Chief Transformation Officer
- Janet Curtis Broni Group Chief People Officer
- Neil Miller Deputy CEO Trust
- Jennifer Pharo Group Executive Director Governance and Clerk
(* Senior Post Holder)

London South East Colleges is a successful leading provider of further and higher education in South East London with an annual turnover of circa £48m, over 12,000 students) and c700 members of staff, with activities across seven campuses in South East London. Like other providers of further education, the College operates under significant financial constraints in an increasingly competitive student market, linked to demographic factors and regular changes in government policy.

The role of the Group CEO & Principal also covers London & South East Academies Trust (LSEAT), a Multi Academy Trust, LSEAT consists of 8 Schools which are a mixture of Special, Alternative Provision, and Primary. The Trust has an annual turnover of circa £30m, over 1,100 pupils, and c500 members of staff. Collectively, these organisations form the London and South East Education Group, for which the Group CEO & Principal is responsible.

The other factors considered by the Committee in determining the appropriate remuneration for the Group CEO & Principal include the result of a job evaluation and benchmarking exercise completed by Korn Ferry Group in early 2021 using benchmarking data on heads of similar institutions. In addition, the Committee consider the assessment by the Chair and Corporation of the personal performance of the Group CEO & Principal against agreed objectives, together with the overall performance of the business.

A similar approach was also used to determine the remuneration of the Group Executive Officers including the Group Executive Director of Governance. Taking these factors into account, the Corporation considers the remuneration of the Group CEO & Principal to be fair, appropriate, and justifiable.

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The Tables below provide details of staff costs and remuneration for the year ended 31 July 2022 as set out in the approved and audited Financial Statements of the London South East Colleges and London South East Academies Trust.

London South East Colleges

Extracts 2021/22 Financial Statements – Section 7

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as head count, was:

Headcount basis	College 2022 No.	Group 2021 No.	College 2021 No.
Teaching staff	438	431	417
Non-teaching staff	475	478	469
Total	913	909	886

Staff costs for the above persons

	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Wages and salaries	28,193	26,337	26,017
Social security costs	2,120	1,872	1,842
Other pension costs	3,447	3,337	3,329
Payroll Sub Total	33,760	31,546	31,188
Fundamental restructuring costs – Contractual	69	143	143
Total Staff Costs	33,829	31,689	31,331

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team which comprised the Group CEO & Principal, College Executive Principal & Chief Learning Officer, Group Chief Financial Officer, Group Chief Strategy Officer, Group Chief People Officer, and Group Chief Technology and Information Officer.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	College 2022 No.	Group 2021 No.	College 2021 No.
The number of key management personnel including the CEO & Principal was:	6	5	5

Of the Key Management Personnel, the Group Chief Executive Officer, and Group Chief Financial Officer with LSEAT have separate contracts of employment covering their work for London & South East Academies Trust (LSEAT). The values reported below represent the emoluments paid in respect of the duties of employment for the College Group. The value of the work carried out for LSEAT will be reported in the accounts of that entity as appropriate.

7 Staff costs (continued)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£60,001 to £65,000			6	5
£65,001 to £70,000	1		6	3
£70,001 to £75,000			3	2
£75,001 to £80,000			2	1
£80,001 to £85,000			2	1
£85,001 to £90,000				1
£90,001 to £95,000				1
£95,001 to £100,000		1	2	1
£100,001 to £105,000	1		2	
£105,001 to £110,000		1		
£110,001 to £115,000	1			
£115,001 to £120,000	1			
£120,001 to £125,000	1			
£125,001 to £130,000		1		
£130,001 to £135,000		1		
£210,001 to £215,000	1			
£220,001 to £225,000		1		
	6	5	23	15

Other staff numbers in 2021 include two members of staff employed by LSfG up to Dec 2020 and transferred to LSEC contracts on 1 January 2021.

Key management personnel compensation is made up as follows:

	2022	2021
	£'000	£'000
Salaries	680	600
Retention and additional responsibility allowances	25	25
Payment for untaken annual leave	12	37
Employer's National Insurance	100	89
Flexible benefits	25	25
Total Key management personnel compensation	842	776
Pension contributions	105	88
Total emoluments	947	864

7 Staff costs (continued)

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer).

	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Salaries	170	164	164
Retention and additional responsibility allowances	10	10	10
Payments for untaken annual leave	9	21	21
Flexible benefits	25	25	25
	<u>214</u>	<u>220</u>	<u>220</u>
Pension contributions	<u>—</u>	<u>—</u>	<u>—</u>

The Governors have adopted AoC's Senior Staff Remuneration Code in July 2020 and will assess pay in line with its principles in future.

The remuneration package of key management staff, including the CEO & Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The CEO & Principal reports to the Governors, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of CEO & Principal pay and remuneration expressed as a multiple

	2022	2021
CEO & Principal's basic salary as a multiple of the median of all staff	4.9	4.8
CEO & Principal and CEO's total remuneration as a multiple of the median of all staff	4.7	4.9

The Members of the Corporation, other than the Group CEO & Principal and the staff members did not receive any payment from the College, other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

London South East Academies Trust

Extracts 2021/22 Financial Statements – Section 7

7. Staff

a. Staff costs

Staff costs during the year were:

	Total 2022 £000	Total 2021 £000
Wages and salaries	15,388	13,902
Social security costs	1,624	1,461
Operating costs of defined benefit pension schemes	4,991	4,023
	22,003	19,386
Supply staff costs	2,317	2,265
Staff restructuring costs	112	351
	24,432	22,002
Staff restructuring costs comprise:		
Redundancy payments	18	77
Severance payments	94	274
	112	351

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £19,560 (2021: £32,157) in respect of 3 employees in the following bands:

Band	No. of Employees
£1 - £25,000	3
£25,001 - £50,000	-

Individually, the payments were: £8,560, £8,000 and £3,000.

b. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

Charitable activities	2022 No.		2021 No.	
	Average full-time equivalent	Average headcount	Average full-time equivalent	Average headcount
Teachers	162	249	161	206
Administration and support	251	301	230	289
Management	2	4	3	5
	415	554	394	500

7. **Staff** (continued)

c. **Higher paid staff**

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
£60,001 - £70,000	16	15
£70,001 - £80,000	6	6
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	-	1
	<u>26</u>	<u>28</u>

The above employees participated in the Teachers' Pension Scheme, of which contributions amounted to £347,424 (2021: £397,413).



Signed
Stephen Howlett, CBE, DL
Chair Group Remuneration Committee