

## **Appraisal and Remuneration**

### **Terms of Reference**

#### **1. Committee Purpose**

The purpose of the Appraisal and Remuneration Committee is to consider the terms, conditions, performance, and pay of NCG Senior Post Holders (as listed in Appendix A) and to approve amendments as appropriate.

#### **2. Membership**

- 2.1. The Committee shall comprise at least four members; all of which must be independent members of the Corporation. The Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively.
- 2.2. The Chair of the Corporation Board shall be a member of the Committee but shall not be eligible to be the Committee Chair.
- 2.3. Appointment to the Committee is subject to approval by the Corporation. The term of a member will end if the individual ceases to be a member of the Corporation.
- 2.4. The Corporation may modify the membership of the Committee at any time.
- 2.5. The Chair of the Committee will be appointed by the Search Committee.

#### **3. Meetings**

- 3.1. The Committee will meet at least two times per year.
- 3.2. Meetings of the Committee shall be quorate if at least three appointed members are present. If the number of members present for a

meeting of the Committee does not constitute a quorum, the meeting shall not be held. If during a meeting there ceases to be a quorum, it has been agreed by the Corporation Board that the meeting may continue, however no decisions are to be taken.

- 3.3. The Clerk to the Corporation shall act as Clerk to the Committee.
- 3.4. Every question to be decided at a meeting of the Committee shall be decided by a majority of votes cast by the members present. In the event of a tied vote, the Chair shall have a second or casting vote.
- 3.5. Only members of the Committee have the right to attend meetings. However, other individuals such as the Chief Executive may be invited to attend for all or part of any meeting. Where someone has been invited to attend, they shall be entitled to attend and speak at such meetings, but not to vote.
- 3.6. Those in attendance must not be present for discussions and decisions around their own appraisal, objective setting, and remuneration.

#### **4. Minutes and Papers**

- 4.1. The Clerk to the Corporation will normally provide written notice of each meeting and an agenda at least seven days in advance.
- 4.2. Having regard to the criteria for confidentiality used by the Corporation, separate minutes will be prepared for the non-confidential and confidential items.
- 4.3. All minutes will remain confidential until they are reported to the Corporation. Any minute which provides personal information about an individual or meets other NCG's other criteria for confidentiality shall remain confidential.

- 4.4. At every Committee meeting the minutes of the last meeting shall be taken as an agenda item, and, if agreed to be accurate, shall be approved as a true record.
- 4.5. The Clerk to the Corporation, having obtained agreement from the Chair of the meeting, shall present the draft Chair approved minutes at the next scheduled meeting of the Corporation.

Note – Due to the confidential nature, only the Independent Governors will be granted access to the minutes.

## **5. Terms of Reference Remuneration Policy & Bonus Schemes**

- 5.1. To have responsibility for setting the framework for Senior Post Holders (including the CEO), including pension rights, any compensation payments and all other benefits and contractual terms included within the offer of employment. Senior Post Holders shall not be involved in any decisions as to their own remuneration.

Following the implementation of standardised SPH contracts and the adoption of the AoC SPH Remuneration Code, the Committee have previously agreed there was no need for a separate SPH remuneration policy.

- 5.2. To approve and monitor the level and structure of remuneration for the Senior Post Holders.
- 5.3. To consider all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the Instrument & Articles of Government and the UK Corporate Governance Code and associated guidance.
- 5.4. To obtain reliable, up-to-date information about remuneration in other organisations of comparable scale and complexity (AoC Senior Pay Survey and related benchmarking data). To help it fulfil its obligations, the Committee shall have full authority to appoint

remuneration / HR consultants and to commission or purchase any reports, surveys, or information which it deems necessary at the expense of NCG but within any budgetary restraints imposed by the board.

- 5.5. To approve the approach and targets for any performance-related pay schemes operated by NCG and approve the total annual payments made under such schemes.
- 5.6. To review the design of all bonus scheme plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Chief Executive and Senior Executive and the performance targets to be used.
- 5.7. Following consideration and review of the performance of the Senior Post Holders against the agreed targets, approve the appropriate remuneration / bonus payments for the Senior Post Holders for the following year.
- 5.8. To determine the policy for, and scope of, pension arrangements for each Senior Post Holder.
- 5.9. To ensure that contractual terms on termination of SPHs, and any payments made, are fair to the individual, and the organisation, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 5.10. To oversee any major changes in employee benefits structures throughout the group.
- 5.11. To agree and review the objective setting process for the Senior Post Holders on an annual basis.
- 5.12. To oversee the performance management arrangements for Senior Post Holders.

- 5.13. To receive the draft targets / objectives for the Senior Post Holders for the year, ensuring they are clear, transparent and measurable, along with being able to facilitate monitoring of progress and performance.
- 5.14. To ensure that information on the processes used for target setting and pay awards for the Senior Post Holders are transparent and shared with Corporation members.
- 5.15. To share the targets for the Senior Post holders with independent Corporation members (where relevant).
- 5.16. To report to the Corporation Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.17. To make whatever recommendations / endorsements to the Corporation Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.18. To have access to sufficient resources in order to carry out its duties, including access to the Clerk to the Corporation for assistance as required.
- 5.19. To give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of senior post holders, including the AoC Remuneration Code for SPHs which the Committee have adopted.
- 5.20. To arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the board for approval.

## **6. Authority**

- 6.1. As per the Scheme of Delegation, the Appraisal and Remuneration Committee has delegated authority to determine the remuneration of

Senior Post Holders and the Clerk to the Corporation (where not a SPH) within the framework approved by the Corporation. The other duties of the Appraisal and Remuneration Committee are of a monitoring and advisory nature and are detailed in its terms of reference.

- 6.2. The Committee is authorised by the Board to obtain, at NCG's expense, outside legal or other professional advice on any matters within its terms of reference.
- 6.3. All negotiated terms and / or amendments to Senior Post Holder remuneration, benefits and contractual terms require approval of the Appraisal and Remuneration Committee prior to the terms being offered / actioned.

## **Appendix A – Senior Post Holder Structure**

- Senior Post Holders
  - Chief Executive Officer (CEO).
  - Chief Operations & Compliance Officer and Secretary to the Board (CoCo & SttB).
  - Chief Finance Officer (CFO).
  - Executive Director of Quality (EDQ).
  - Chief Information, Data, and Estates Officer (CIDEO).
  - Executive Principal – Curriculum.
  - Executive Principal – People & Culture.
  - Principal of Carlisle College.
  - Principal of Newcastle College.
  - Principal of Newcastle Sixth Form College.
  - Principal of West Lancashire College.
  - Principal of Kidderminster College.
  - Principal of Southwark College.
  - Principal of Lewisham College.