

**LUMINATE EDUCATION GROUP
ANNUAL REPORT OF THE REMUNERATION COMMITTEE
2022/23**

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
Dean of Higher Education

2 REMUNERATION COMMITTEE

- 2.1 The committee continued to benefit from strengthened membership throughout 2022/23, that being:

Becky Hewitt (chair of the committee for 2023/24)
Jenny Hoy
Carolyn Lord
Shaid Mahmood (up to 31 October 2023)
John Toon (chair of the committee for 2022/23)

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 Group Director of People, Development & Culture is now routinely 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 2022/23 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 review in November 2022 members remained satisfied that the committee had continued to operate effectively and had 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.
- 2.7 As part of the committee's latest effectiveness review, a review of compliance against the Remuneration Codes was carried out in November 2023; this confirms that Luminate Education Group remains compliant with all aspects of the Codes. In addition a committee effectiveness questionnaire is currently being completed by individual committee members to identify any further areas for improvement to be implemented during 2023/24.

3 GROUP PEOPLE STRATEGY

- 3.1 A strategic priority of the Luminate Education Group during 2022/23 was 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.

Strategic priorities for 2023/24 include:

- plan to improve pay and other benefits through a long term options analysis as part of a long term remuneration and reward strategy;
- ensure staff have the skills and experience for the workplace of the future via outcomes of a structured appraisal process and access to effective CPD;
- continue to develop structures, spaces and activities under the five pillars (financial, physical, mental, social & community) to improve inclusive culture, belonging and staff & student wellbeing.

When reviewing its own effectiveness, the Remuneration Committee will continue to consider how it contributes to the achievement of the above strategic priorities.

4 APPROACH TO REMUNERATION

- 4.1 In November 2023 the committee reviewed and agreed minor updates to the Group Remuneration Policy for Senior Staff; the main change being to reference the requirements of HM Treasury Managing Public Money (MPM) and Senior Pay Controls following reclassification of the college sector. 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 updated policy is presented separately for Governing Body approval.

4.2 The Remuneration Committee met on 28 November 2023:

- 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 2022/23.

4.4 To support its annual review of remuneration, a revised 'bottom up' approach was introduced in 2021 whereby the relevant group member 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 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). There were none during the year reported on.

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>2023</u>	<u>2022</u>
CEO's basic salary as a multiple of the median of all staff:	7.0	7.2
CEO's total remuneration as a multiple of the median of all staff:	7.2	7.5

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 (2021/22: 2.5) times the median contractual salary paid out and his total remuneration 2.6 (2021/22: 2.6) 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.

Becky Hewitt
Chair of the Remuneration Committee
November 2023