

## MINUTES OF REMUNERATION COMMITTEE OF COATBRIDGE COLLEGE

HELD ON WEDNESDAY 23 OCTOBER 2013 AT 5.15PM

### 1. Attendance and apologies

Present: John Gray (Chair)  
David Craig  
Pauline Docherty  
Paul Gilliver  
Thomas Keenan  
Carole McCarthy

Apologies: Ralph Gunn

Attending: Paul Brown (DWF LLP)  
Victoria Cowan (DWF LLP)

John Gray thanked the Committee for their attendance and introduced Paul Brown (legal adviser for Coatbridge College) and Victoria Cowan (minute-taker).

### 2. 28 January 2013 Remuneration Committee meeting – minutes

John Gray asked the Committee to approve the minutes of the Remuneration Committee meeting of 28 January 2013. John Gray asked the Committee to raise any points arising from the January 2013 minutes during the course of this meeting. John Gray noted that both Paul Gilliver and Carole McCarthy had already advised him that they had points they would like to raise.

Carole McCarthy advised the Committee that, from her recollection, the Edinburgh policy was referred to in the 28 January 2013 meeting as being the standard policy in the sector. However, she was not aware that the College was intending to adopt the Edinburgh policy. She did not approve the use of the Edinburgh policy, as she had several questions which had not been answered at that time, and did not have enough information to allow her to make that decision.

Paul Gilliver agreed with Carole McCarthy that the Edinburgh policy was not agreed at the 28 January 2013 meeting. Paul Gilliver advised that, in his opinion, the purpose of that meeting had been to discuss the Principal's exit and not to discuss voluntary severance packages for the senior management team.

Further discussion took place on the understanding of all of those present at the meeting on 28 January. John Gray brought the discussion to a close and sought confirmation of the approval of the minutes, noting that Ralph Gunn had confirmed by email that he had approved them. Tom Keenan confirmed that as he was not present, he could not confirm that these are accurate.

It was agreed that the minute should be amended to reflect that in relation to all staff members, it was at that time the Committee's "intention" not simply "aspiration" to extend the 21 month policy to all members of staff.

John Gray, Pauline Docherty and David Craig approved the minute of the meeting. Paul Gilliver and Carole McCarthy confirmed their approval of the proposals for the Principal and all staff members but specifically did not agree to the item relating to the senior management team.

John Gray recorded that neither Carole McCarthy nor Paul Gilliver agreed with the statements recorded in the January 2013 minutes in relation to the Edinburgh policy.



The minute was duly approved.

3. Funding council

Paul Brown, the College's legal advisor, addressed the Committee in relation to the issues raised by the funding council. Paul Brown advised that the Committee are empowered to put in place arrangements in relation to the principal and senior management staff, which is what has been done here. However, on the basis that matters have moved on significantly since the January 2013 Remuneration Committee meeting, the funding council have now said that the Committee did not have the power to make those arrangements. Paul Brown did not agree that the fact that the Edinburgh policy proved to be a "stand-alone" policy was relevant, on the basis that the College at the time of the discussion in January 2013, clearly believed they were going to replicate it for the purposes of the abortive merger. Paul Brown advised he did not agree that the Committee were not empowered to make the arrangements for the Principal and senior management team. Tom Keenan asked Paul Brown whether the Committee needed board approval to make the arrangements for the Principal and senior management team. Paul Brown confirmed that his understanding was that the Committee has delegated authority from the board in relation to these matters, and therefore he did not think that board approval was required.

4. Proposal to senior management team

John Gray advised the Committee that the senior management team are aware that there are issues arising out of the offers which had been made to them. John Gray advised that in particular, the senior management team are aware that the other merging colleges have not adopted the Edinburgh policy. The senior management team have suggested a realignment of the package. John Gray proposing that the College withdraw the original offers to the senior management team and substitute an offer based on the Lanarkshire Voluntary Severance scheme.

Paul Brown advised the Committee that regardless of how the voluntary severance package came into existence (while noting again that both Carole McCarthy and Paul Gilliver had formally tabled their disagreement with what was recorded in the January 2013 minutes), it was offered to the senior management team.

John Gray asked the Committee to approve the reduction of the offer to senior management staff from 21 months to the Lanarkshire Voluntary Severance package available to all staff. John Gray requested the Committee to approve the Lanarkshire policy for all staff.

Carole McCarthy advised that her main concern was in relation to the College's reputation, which Carole McCarthy felt had been badly damaged by the situation. Carole McCarthy advised she is concerned that there is a perception within the College and externally in relation to the senior management arrangement. Pauline Docherty advised that she agreed that the Committee's reputation was an issue for her as well.

Paul Brown advised the Committee that he does not believe the funding council can successfully challenge the Committee's decisions. There followed some general discussion on this point between Paul Brown and the Committee. Paul Brown reiterated that there had been discussions with the funding council at the time of the original abortive merger, and the Committee's decisions had been made with the benefit of the information available at that time. The Committee had clearly acted in good faith. Paul Brown advised that the Committee could accept that changes required to be made to the decision-making process in light of the College forming part of the new merged college, and therefore the Committee could decide that it would be appropriate for the original offers to be amended.

Carole McCarthy advised the Committee that she had a concern in relation to contingent liability. Carole McCarthy requested that it be recorded that there is no contingent liability on the basis that no policy was agreed. Carole McCarthy stated that she was also concerned by the contingent liability figure showing up in the due diligence report. John Gray advised the Committee that that figure was not produced by the College but by their advisers, and the



Committee had not seen it. Paul Brown queried whether the contingent liability figure was a gross sum, i.e. did not include recompense from the Scottish Funding Council. Tom Keenan confirmed that this was the case, but noted that the figures were potentially understated.

John Gray therefore asked the Committee to consider the proposal before them, and to consider approving the removal of the contingent liability figure from the due diligence report by the adoption of the Lanarkshire Voluntary Severance scheme.

5. Principal's severance package

John Gray asked the Committee to consider the proposals in relation to the voluntary severance package offered to the Principal of the College. John Gray advised that the Principal had been offered 21 months plus 3 months for taking forward the merger and a payment of 6 months in lieu of notice which was contained in his contract. There was mention of a further £91,000 in relation to pension contribution highlighted in the due diligence report, but John Gray noted that this figure had not yet been agreed with the Principal. John Gray asked the Committee for their view. The Committee are of the view that the terms of the agreed minute of 28 January 2013, should be adopted and that this did not include a pension contribution.

Carole McCarthy noted that it is not clear to her what the Principal's termination date is. Tom Keenan clarified that the Principal had not intended to leave until 1 April 2014, but that he had been asked to leave before then. John Gray clarified that the Principal's notice period is 6 months.

There followed some general discussion among the Committee in relation to this matter. John Gray queried whether the Committee had any issue with offering the Principal the above terms, but on the basis that he is permitted to investigate how best to maximise this payment for himself. The Committee confirmed that they had no issue with this as long as there was no additional financial strain or cost to the College in doing so.

It was agreed that there would require to be a restructuring of the senior management team to ensure that the Principal's duties are properly carried out and the College continued to operate efficiently. Tom Keenan will take this forward.

6. Actions

- The Committee approved the 28 January 2013 meeting minutes, but the reservations of both Carole McCarthy and Paul Gilliver, who disagreed that the Edinburgh policy was agreed, were noted.
- The Committee approved that the Lanarkshire Voluntary Severance scheme offer be introduced and made available to the senior management team and all other staff members with effect from the 1 November 2013.
- The Committee confirmed their approval of the Principal's package as 21 months, 3 months for taking the merger forward and a 6 month payment in lieu of notice.

7. AOCB

John Gray noted that the current situation has highlighted the weaknesses in the minuting process, in that minutes are circulated months after the Remuneration Committee meetings take place. John Gray advised the Committee that the minutes of this evening's meeting will be drafted and circulated to the Committee in short order.

Meeting ended 6.45pm.

Committee had not seen it. Paul Brown asked whether the responsibility figure was a gross sum, i.e. did not include expenses from the British Funding Council. Tom Keenan confirmed that this was the case, but noted that the figures were relatively understated.

John Gray therefore asked the Committee to consider the proposal before them, and to consider approving the removal of the management liability figure from the due diligence report by the adoption of the Lanchester Voluntary Governance scheme.

## Financial review and budget

John Gray asked the Committee to consider the proposals in relation to the voluntary governance package offered to the President of the College. John Gray advised that the proposal had been offered 21 months plus 3 months for taking forward the major and a payment of £50,000 in relation to the due diligence report. There was a mention of a letter £50,000 in relation to the due diligence report. John Gray asked that the figures had not yet been agreed with the President. John Gray asked the Committee for their view. The Committee are of the view that the terms of the agreed minutes of 28 January 2012, should be adopted and that this did not include a payment to the President.

Charles McCarty noted that it is not clear to her what the President's remuneration date is. Tom Keenan clarified that the President had not intended to leave until 1 April 2014, but that he had been asked to leave before then. John Gray clarified that the President's notice period is 6 months.

They followed some general discussion among the Committee in relation to the matter. John Gray asked whether the Committee had any issues with offering the President the above terms, but on the basis that he is prepared to investigate how best to minimise the payment he would receive. The Committee confirmed that they had no issues with this as long as there was no additional financial strain on cost to the College in doing so.

It was agreed that there would require to be a restructuring of the senior management team to ensure that the financial duties are properly carried out and the College continued to operate effectively. Tom Keenan will take this forward.

## Agenda

- \* The Committee approved the 28 January 2012 meeting minutes, but the resolutions of John McCarty and Paul Gilmer, who disagreed with the Edinburgh policy, were agreed, were noted.
- \* The Committee approved that the Lanchester Voluntary Governance scheme offer be introduced and made available to the senior management team and all other staff members with effect from the 1 November 2012.
- \* The Committee confirmed their approval of the President's package as 21 months 3 months for taking the major forward and a 6 month payment in lieu of notice.

## AGENDA

John Gray noted that the current agenda has highlighted the weaknesses in the meeting process in that minutes are circulated minutes after the Remuneration Committee meeting takes place. John Gray asked the Committee that the minutes of this evening's meeting will be drafted and circulated to the Committee in good time.

Meeting ended at 8.45pm