

**TO: BOARD OF GOVERNORS, 15 DECEMBER 2022**

FROM: SUE LANE, CHAIR, REMUNERATION COMMITTEE

PREPARED BY: ARLENE STONE, DIRECTOR OF HUMAN RESOURCES / LUCY BARLING, GOVERNANCE MANAGER (FORMERLY)

DATE: 4 OCTOBER 2022

APPROVED BY
CHAIR:

A handwritten signature in blue ink that reads 'Sue Lane'.

SUBJECT: **ANNUAL REPORT OF REMUNERATION COMMITTEE TO THE BOARD OF GOVERNORS, 2021/22**

1. PURPOSE & RECOMMENDATION

- 1.1 The Remuneration Committee is responsible for overseeing the remuneration of the Vice-Chancellor and other Senior Post Holders, balancing the needs of the University in a competitive environment with the appropriate use of funds, ensuring financial sustainability. The Remuneration Committee reviews the University's framework for the pay and conditions of service for all other staff and also reviews equality and diversity issues in relation to the remuneration of staff, whilst monitoring the gender pay gap.
- 1.2 This report summarises the business of the Remuneration Committee in the academic year 2021/22 and describes how the Committee has discharged its responsibilities in accordance with its terms of reference.
- 1.3 The report is prepared in compliance with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC), which requires Bath Spa University to produce an annual remuneration report. Under the Code, the report should provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities.
- 1.4 **The Board of Governors is invited to:**
 - a. **NOTE** this report and **ENDORSE** the Committee's principles that govern their approach to remuneration; and
 - b. **APPROVE** the appointment of **Alice Workman (Independent Governor)** to the Remuneration Committee in succession to Jacqui Brasted, who has stepped down from the committee.

2. TERMS OF REFERENCE AND MEMBERSHIP

- 2.1 The Remuneration Committee terms of reference were recently reviewed and approved by the

board of governors in December 2022; refer to **Appendix A**.

- 2.2 The Committee's remit applies only to the holders of "Senior Posts", defined as Vice-Chancellor, Provost, Deputy Vice-Chancellor, Pro-Vice-Chancellor Finance & Infrastructure (Chief Financial Officer) and the Secretary to the Board of Governors (a role undertaken by the University Secretary).
- 2.3 In 2021/22, the Committee met on two occasions, October 2021 and May 2022, both meetings were quorate. The members, as outlined below, were in attendance for the review period with the University Secretary represented by L Barling, Governance Manager, as the Committee Secretary. The University Secretary was not present for any discussions about his own pay.
- 2.4 The Remuneration Committee meetings are also attended by the University's HR Director who provides information and analysis. The Vice-Chancellor was not present for any discussions, including discussions about her own pay but is in attendance when requested by the Chair; this of course excludes meetings or agenda items where discussions and decisions are made where there would be personal implications.
- 2.5 The Remuneration Committee comprises independent members from a range of backgrounds who are able to provide an independent view on remuneration matters. Remuneration Committee members have the requisite skills in line with the current Higher Education Senior Staff Remuneration Code. During 2021/22, the Committee's membership was composed as follows:

Category of Membership	Name
The Chair of the Board of Governors	Mr J Glasspool
Independent members of the Board with expertise in leadership and/or senior remuneration in other sectors, appointed by the Board	Ms S Lane (Current Chair) Dr J Brasted Ms J Luxford

- 2.6 No member of University staff is a member of Remuneration Committee. There was no conflict of interest for Remuneration Committee members at any meeting during 2021/22.

3. PRINCIPLES

- 3.1 Bath Spa University is aware of its responsibilities to demonstrate appropriate use of resources, whilst ensuring that we can attract and retain the best possible staff to maintain our reputation, add to society, improve the local economy and ensure our students have the best possible experience and outcome. Our staff are our greatest asset and appropriate remuneration and reward are an important part of our relationship.
- 3.2 The following three elements of fair and appropriate remuneration, from the Committee of University Chairs (CUC) code, shall govern the determination of remuneration for senior staff:
- a fair, appropriate and justifiable level of remuneration;
 - procedural fairness; and
 - transparency and accountability.
- 3.3 In setting/ approving the remuneration of Senior Post Holders of the University, multiple factors are taken into consideration that have arisen through discussion and reference to the

CUC HE Remuneration Code:

- 3.3.1 The economic environment and the extent of pay restraint nationally.
 - 3.3.2 The role and ability to recruit into that role in the current local/ national/international market.
 - 3.3.3 The skills and experience the individual brings to the role and the wider University, including leadership skills.
 - 3.3.4 Role-based market rates/benchmark information.
 - 3.3.5 The performance in the previous 12 months measured through individual and team performance review related to the University's strategic objectives. In particular, exceptional performance should be rewarded.
 - 3.3.6 The overall pay envelope.
 - 3.3.7 The requirement to reduce the Gender Pay Gap.
- 3.4 In doing all of the above, remuneration decisions will enable:
- The recruitment, motivation and retention of the highest quality staff.
 - Exceptional performance to be recognised.
 - Internal relativity.

3.5 The Committee and the Board of Governors approved a Reward and Recognition Strategy in May and September 2022 respectively, which expands on how the University intends to implement these principles. This involved input and advice from an external reward specialist.

4. WORK OF THE COMMITTEE

4.1 The Committee has been mindful of the challenges the University operates within that include the post-pandemic environment, and a range of high levels of uncertainty and change. Members considered the turnover and size of the University, understanding that it is positioned as relatively small in the sector. The Committee also considered the challenges that are faced by having multiple sites, the increasing number of educational partnerships, the ambitions of the University in the Strategic Plan 2022-25, and international links.

4.2 In addition to the above, the Committee examined and discussed a broad and comprehensive set of data identified below. In summary, the main considerations taken into account by the Committee in determining changes to the remuneration packages of the holders of Senior Posts were:

- The performance of the University, for example as set out in the regular reports to the Board on specified Key Performance Indicators.
- The individual contribution of post-holders as aligned with the University's strategy and performance, and in relation to agreed personal objectives.
- The need for the University to maintain its competitive position in the higher education and wider market-place for equivalent positions.
- Affordability and reputation.

4.3 Given that the University is competing in increasingly competitive national and international markets, the data the Committee used to inform its deliberations therefore draws on a broad range of contextual and bench-marking information. The information analysed included the following:

- University and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey data for:

- All institutions
 - All Post-92 institutions
 - All institutions with an income of £70m to £100m
 - Post 92 Universities with an income of £70m to £100m
 - Million + group
- Benchmark information from other universities including the CUC Vice-Chancellor Salary Survey data for:
 - Falmouth University
 - Goldsmiths
 - University of Winchester
 - University of Portsmouth
 - University of Buckingham
 - University for the Creative Arts
 - Coventry University

4.4 The Committee also received and noted information on:

- The national pay negotiations between UCEA and the five trade unions.
- The pay multiple of the remuneration of the Vice-Chancellor to the median earnings of the university workforce. This year the ratio for the basic pay of the Vice-Chancellor compared to medians was 6.3 compared to 6.5 the previous year and 7.5 for total pay which was the same for the previous year.

4.5 In 2020/21, the committee conducted a self-assessment against the CUC HE Remuneration Code. As part of that review, they asked for confirmation from all Senior Post Holders that they have not exceeded the maximum income derived from external activities of £15,000 per annum as per the Consultancy Policy for all staff. This was confirmed to the committee for academic year 2021/22 at its meeting on 12 October 2022.

4.6 Following some discussion the previous year about involving staff and students in remuneration issues the HR Director met with staff and student governors and reported their views back to the Remuneration Committee to inform their decision making.

4.7 During 2021/22, the Committee received reports on the performance of the holders of Senior Posts against their objectives. The Committee recognised the unpredictability of the external environment and the impact on the financial performance of the organisation. The Remuneration Committee were extremely complimentary about how effectively and relentlessly the leadership team had worked in unprecedented circumstances. They discussed succession planning and, following the departure of the Deputy Vice-Chancellor and the Pro-Vice-Chancellor Finance and Infrastructure, recommended to the Board that the roles of Provost and Chief Financial Officer should be designated as Senior Post Holders. These posts were appointed by the Board as Senior Post Holders in July 2022 (Provost role) and September 2022 (Chief Financial Officer role).

4.8 The Committee's discussions during this time period covered inter alia:

- The important governance role of the Committee in reaching remuneration decisions.
- Alignment between the remuneration packages of holders of Senior Posts with the performance of both the individuals and the university and in particular that performance related pay should only reward exceptional performance.

- How the Committee would be able to demonstrate that their decisions represented value for money.
- The potential for other roles outside the sector to also be used as benchmarks.

4.9 In addition to the above, the Committee received papers about and discussed the gender pay gap (which covers all staff groups), ethnicity and disability pay gaps, staff diversity data and equality and diversity activities prior to a summary report going to the Board. They also reviewed the framework for pay and conditions of staff and received a report on governor's expenses.

5. RECOMMENDATION

5.1 The Board of Governors is invited to **NOTE** this report and **ENDORSE** the Committee's principles that govern their approach to remuneration.

ATTACHMENTS

APPENDIX A Terms of Reference, Bath Spa University Remuneration Committee

**TERMS OF REFERENCE
REMUNERATION COMMITTEE
2022/23**

1. Purpose

1.1 The Remuneration Committee is responsible to the Board of Governors for:

- 1.1.1 Determining the grading, pay, reward, and terms and conditions of service for Senior Post Holders¹ including, if necessary, severance arrangements;
- 1.1.2 To approve the annual performance objectives of the Vice-Chancellor and to ensure that the appropriate procedures are in place for the assessment of the performance of Designated Senior Post Holders;
- 1.1.3 Reviewing the University's framework for the pay and conditions of service for all other staff, determining the University's Reward and Recognition Strategy, and making recommendations to the Board of Governors where appropriate;
- 1.1.4 Monitoring the Gender Pay Gap and Equality, Diversity and Inclusivity (EDI);
- 1.1.5 Reviewing governor expenses;
- 1.1.6 Obtaining reliable, up-to-date information about remuneration in other institutions of comparable scale and complexity and undertaking benchmarking;
- 1.1.7 To prepare and publish a readily accessible annual statement on the work of the committee for inclusion in the Annual Report and Financial Statements and for approval by the Board;
- 1.1.8 Monitoring compliance with the CUC Higher Education Code of Practice for Remuneration Committees;
- 1.1.9 Other related matters as may be delegated by the Board of Governors.

2. Membership

2.1 The Committee shall be a standing committee of the Board of Governors and save for exceptional circumstances, it shall consist of up to six governors, one of whom shall act as

¹ Senior Post Holders include the Vice-Chancellor, the University Secretary, the Provost, the Deputy Vice-Chancellor (where applicable), the Pro Vice-Chancellor (Finance & Infrastructure) (where applicable), the Chief Financial Officer and any other senior posts as determined by the Board of Governors.

Chair of the Committee. Membership shall usually include the Chair or the Deputy Chair of the Board of Governors, or both.

2.2 The Chair of the Board of Governors may not be the Chair of the Committee.

2.3 Additional persons may be co-opted by the Committee on its own volition as necessary (in a non-voting capacity) in order to address skills, experience or diversity needs.

3. Attendance

3.1 The Vice-Chancellor may attend meetings of the Committee by invitation but must not be present nor involved in any discussion regarding their own remuneration or terms of employment.

3.2 The University Secretary may attend meetings and advise the Committee as required, in particular where there are significant governance or constitutional matters that require his or her input but must withdraw from any meeting or part thereof where their own remuneration or terms of employment are under discussion.

3.3 In attendance at the Committee shall be the Director of Human Resources.

4. Quorum

4.1 The quorum necessary for the transaction of business shall be three members, including the Chair of the Committee.

5. Frequency of meetings

5.1 The Committee shall usually meet twice per year and at such other times as the Chair of the Committee may require.

6. Reporting

6.1 Being accountable to the Board by submission to the Board of the minutes of each meeting of the Remuneration Committee and with oral updates as necessary, and to provide an annual report to the Board in order to 'provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities'.

7. Other matters

7.1 The Committee shall be authorised by the Board of Governors to obtain, at the University's expense, outside legal or other professional advice on any matters within its terms of reference, normally following prior consultation with the Vice-Chancellor where appropriate.

7.2 The Committee shall annually undertake a review of its terms of reference and periodically review its own effectiveness.

8. Secretariat

8.1 The Committee Secretary shall be the Governance Manager, or such other person designated by the University Secretary.