



TO: **BOARD OF GOVERNORS 21st SEPTEMBER 2017**

FROM: **CONVENER OF REMUNERATION COMMITTEE**

PREPARED BY: **DIRECTOR OF HUMAN RESOURCES**

DATE: **12th SEPTEMBER 2017**

SUBJECT: **ANNUAL REPORT OF REMUNERATION COMMITTEE**

1. PURPOSE

- 1.1 This report summarises the business of the Remuneration Committee in the academic year 2016/17 and describes how the Committee has discharged its responsibilities.
- 1.2 The report is prepared for members of the Board of Governors, but it is intended to publish the report on the website as part of our ongoing commitment to the transparency of governance processes within the institution.

2. TERMS OF REFERENCE AND MEMBERSHIP

- 2.1 The Committee's current terms of reference are appended at Annex A. The Committee's remit applies only to the holders of "Senior Posts", defined as Vice-Chancellor, Deputy Vice-Chancellor/ Provost and the Chief Operating Officer.
- 2.3 The Committee has four members who for the period were: Mr D Pester (Convener), Lady T Lloyd and Mr P Martin, Ms J Henderson was a member for part of the year and was then replaced by Mr T Jagger. The meetings were supported by Mrs A Stone Director of Human Resources who acted as Clerk.
- 2.4 In 2016/17 the Committee met on four occasions. The Vice-Chancellor made an initial presentation to one of these meetings but then left the meeting; neither she nor other senior staff took part in any decision making discussions at the Remuneration Committee during the year.

3. WORK OF THE COMMITTEE

- 3.1 The main considerations taken into account by the Committee in considering changes to the remuneration packages of the holders of Senior Posts, and in determining a salary range for the new Vice-Chancellor 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.

3.2 To inform its deliberations the Committee draws on a range of contextual and bench-marking data, which are considered and weighed alongside the particular circumstances of the University. The information analysed included the following:

- University and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey.
- Committee of University Chairs (CUC) Vice-Chancellor Salary Survey.
- THE article on Vice-Chancellors' salaries based on published accounts.

The Committee also received and noted information on:

- The national pay negotiations between UCEA and the five trade unions.
- The ratio of highest to lowest paid and relevant benchmarks.
- The ratio for median full time earnings to median Head of Institution earnings and relevant benchmarks.

3.4 The Committee received reports on the performance of the holders of Senior Posts against their objectives

3.5 The Committee's discussions covered inter alia:

- Their concern about escalation of pay in the sector and the important governance role of the committee.
- 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.
- The potential for other roles outside the sector to also be used as benchmarks.
- The need, when recruiting a new Vice-Chancellor, to attract the right candidate at an appropriate salary given the salaries already being earned by prospective candidates.

4. RECOMMENDATION

4.1 The Board of Governors is invited to note this report and endorse the Committee's approach to remuneration.