

## Remuneration Committee Terms of Reference 2019/20

### **Purpose**

Remuneration Committee is a Committee of the Board of Governors and has delegated authority<sup>1</sup> to oversee the framework for, and specific decisions in relation to [a] base pay and [b] wider remuneration and reward of the Vice-Chancellor and Chief Executive, University Executive (UE) and wider Senior Management Group (SMG) members.

In this context, base pay refers to the gross (pre-tax, non-consolidated remuneration paid to senior staff. Total remuneration includes: pension benefits and alternatives offered in lieu of employer pension contributions for taxation purposes, the outcomes of any performance-based incentive scheme, any other taxable and non-taxable benefits, including private health insurance.

The Committee will also act as the approving body in relation to proposed external roles for certain senior staff members.

It is acknowledged that a forthcoming decision may be taken during 2019/20 is likely to be taken with regards staff and student representation on the Committee.

### **Principles**

Remuneration Committee adopts a range of principles and policy and regulatory reference points to approach senior staff remuneration matters, including:

- i. the principles set out in The Higher Education Senior Staff Remuneration Code of the Committee of University Chairs (CUC) (June 2018), as follows:
  - ensuring a fair, appropriate and justifiable level of remuneration is set for senior staff;
  - procedural fairness in the consideration and setting of senior staff remuneration;
  - transparency of reporting, disclosure and information and accountability to the Board of Governors and to wider stakeholders internal and external to the University.
- ii. the regulatory guidance and accounts directions of the Office for Students (OfS);
- iii. the legislation and associated regulation relevant to the University's status as an exempt charity, including the need to best use and safeguard the University assets and resources.

### **Scope**

The following post holders are considered senior staff who are members of the University Executive and Senior Management Group of the University, and fall within the scope of Remuneration Committee for the purpose of base pay and wider remuneration and reward:

- Vice-Chancellor and Chief Executive†
- Deputy Vice-Chancellor
- Pro Vice-Chancellor (Business and Engagement)
- Pro Vice-Chancellor (Research and Innovation)
- Pro Vice-Chancellor (REF)
- Pro Vice-Chancellor (International)
- Pro Vice-Chancellor (Employability and Partnerships)
- Faculty Pro Vice-Chancellor (Health and Life Sciences)

<sup>1</sup> The Board of Governors does not delegate to the Committee responsibility for:

- [a] any major revisions to the entire, or major components of, the senior staff remuneration framework about base pay, or total remuneration, including performance-related pay schemes, alternative remuneration, other taxable and non-taxable benefits. This includes decisions on the design, criteria and wider remuneration policy as applied to performance-related pay schemes. *This does not extend to requiring Board approval of specific decisions about individuals within an overall remuneration framework, which remains within the authority of Remuneration Committee.*
- [b] any circumstances where the effective stewardship of the University's funds and assets could be brought into question as a result of senior staff remuneration decisions, reflecting its responsibility as the trustee body of the University as a charity.
- [c] any wider consultation on senior remuneration matters with stakeholders (staff, students and others) is carried out on its behalf.
- [d] reputational management and responses in the event of being required to do so as an outcome of senior staff remuneration decisions (to avoid a scenario where responses are expected from Remuneration Committee, or individual spokespersons from the Committee or the University Executive).

- Faculty Pro Vice-Chancellor (Arts, Design and Social Sciences)
- Faculty Pro Vice-Chancellor (Business and Law)
- Faculty Pro Vice-Chancellor (Engineering and Environment)
- IT Director
- Chief Marketing Officer
- Director of HR & OD
- Director of Strategic Planning
- Academic Registrar and Director of Academic, Student and Library Services
- Finance Director
- Secretary to the Board and Head of Governance†
- Director of Research and Innovation Services

The † symbols denotes members of University Executive designated 'holders of senior post' in the Instrument of Government of the University. This designation has no implication for the level of remuneration and reward set.

### **Specific Committee Duties**

The specific duties of the Committee are to:

- i. oversee and assure itself and the Board of Governors on the effectiveness of the overall framework within which senior staff remuneration is reviewed and approved to ensure that:
  - reasonable, appropriate and justifiable levels of remuneration are awarded to senior staff on [a] appointment and [b] when in post;
  - that the framework is procedurally fair;
  - that wider matters of equality, diversity and inclusion are considered in relation to pay and reward, including the implications for those holding protected characteristics;
  - that wider workforce remuneration and reward is a factor in reviewing and setting senior staff pay;
  - is transparent and therefore demonstrates accountability to the Board of Governors, staff, student and wider stakeholders.
- ii. review and approve on an annual basis any changes to the base salary of the Vice-Chancellor and Chief Executive and the Secretary to the Board and Head of Governance as 'holders of senior posts' in the Instrument of Government of the University, taking into account:
  - the context within which the University operates to seek to balance the regional, national and global market for recruitment and retention of staff with consideration of remuneration in the context of the wider workforce;
  - the value of the individuals as measured by their performance and contribution to the University.
  - in the case of the Vice-Chancellor and Chief Executive to review and approve the outcomes of the annual performance based incentive scheme, based on an assessment undertaken by the Chair of the Board of Governors and linked to the performance objectives as set through the Performance Development Appraisal (PDA) process.
- iii. review and approve on annual basis, on the advice of the Vice Chancellor and Chief Executive, any changes to the base salary of University Executive (UE) and wider Senior Management Group (SMG) members.
- iv. review and approve the outcomes of the annual performance based incentive scheme for those role holders listed as eligible in the agreed annual Scheme documentation based on an assessment linked to the individual's performance objectives as set through the Performance Development Appraisal (PDA) process.
- v. review, on at least an annual basis, and ensure the publication and analysis of, the pay multiple and ratio of the highest paid individual (the Vice-Chancellor and Chief Executive) to the median earnings of the University workforce, and any other pay ratio which it considers relevant to meet its obligations.
- vi. review and approve the following:
  - a) any policies related to pensions and alternative arrangements fully or partially in lieu of employer pension contributions for relevant senior staff;
  - b) any other policies in relation to the total remuneration and reward package of senior staff;
  - c) a policy on external income for senior staff;
  - d) requests from senior staff to undertake external roles, whether paid or unpaid,
  - e) monitoring report(s) from the Vice-Chancellor on external roles held by senior staff that have been internally approved.
- vii. set reasonable and justifiable severance payments where this route needs to be exercised in relation to senior staff, in line with CUC guidelines and OfS and relevant requirements on the University as a charitable body.
- viii. review, and contribute to the content of, and recommend to the Board of Governors, an annual

remuneration report on its work and the institutional approach to remuneration, and ensure this report is appropriately configured for the publication of a remuneration annual statement in the annual report and financial statements of the University.

**The Committee will carry out its duties by:**

- i. receiving, through the HR Director, Secretary and others, clear and independent data, information and analysis to inform its discussions and decisions on senior staff remuneration, including:
  - available data with commentary and context as published in each HEI's annual financial statements on the base salary and total remuneration (including other taxable and non-taxable benefits) of the heads of institution in the region based on three years of prior data:
  - UCEA Remuneration Survey Data;
  - feedback on salary benchmarks from Executive Search agencies where this is utilised
  - specific regional and market factors, including competition for talent and retention
  - specific institutional salary distributions including the remuneration profiles of other members of senior management and institutional salary.
- ii. consideration of clear and evidence-based reports on any matter of senior staff remuneration policy, including national and global policy developments and horizon scanning, to inform its decision-making;
- iii. ensuring effective dialogue and cross-referral of issues with other Committees of the Board, including Audit Committee, Employment and Finance Committee and Strategic Performance Committee, and effective escalation and reporting to the Board of Governors, including the minutes of its meetings and the annual remuneration report as required by The Higher Education Senior Staff Remuneration Code of the Committee of University Chairs (CUC) (June 2018);
- iv. ensuring that the appropriate transparency and accountability is exercised in external reporting and disclosure (which protects and safeguards individual's rights to data privacy), including through the annual remuneration statement in the annual report and financial statements of the University.
- v. appointing specialist external remuneration advisers where this is considered necessary in the annual report and financial statements of the University.

**Constitution**

Co-opted members of Board Committees form part of the quorum and have full voting rights.

**Membership**

Peter Judge MBE	Independent Governor	1 <sup>st</sup> term ends: 31/12/22
Alison Allden OBE	Independent Governor	3 <sup>rd</sup> term ends: <b>03/07/20</b>
Chris Sayers	Independent Governor	3 <sup>rd</sup> term ends: <b>31/07/20</b>
Graeme Hudson	Co-opted Board Committee Member	1 <sup>st</sup> term ends: 01/01/21
<b>Committee Secretary:</b>		
Susan O'Donnell	Secretary	
<b>Individuals with a standing invitation to attend each meeting (except for discussion or decision-making in relation to their own remuneration):</b>		
Professor Andrew Wathey CBE	Vice Chancellor and Chief Executive	
Jane Embley	Director of Human Resources and Organisational Development	