

Remuneration Committee

21/13 A meeting of the Remuneration Committee was held via teams on Tuesday 8 June 2021 at 10.30 am.

Present: -

The Vice-President, Mr T. Beardmore-Gray

The President, Dr P.R. Preston

The Vice-President, Mrs K. Owen

Member of the Council, Ms S. Maple

Member of the Council, Mr J. Taylor

By invitation: -

Member of the Council, Ms H. Gordon (in the Chair)

The Vice-Chancellor

The University Secretary

The Director of Human Resources

Head of Governance (Secretary)

21/14 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 4 February 2021.

21/15 **Dashboard**

The Committee received a spreadsheet detailing the movement in staff numbers between 1 October 2018 and 1 May 2021.

In particular it was noted that:

- The trend had been downwards, overall staff numbers having reduced since 1 October 2018 by 9.35% (headcount) and 4.08% (FTE).
- In Academic Schools the overall headcount reduction was 11.2% with an FTE reduction of 1.6% (this was a likely consequence of work to reduce the number of sessional teaching staff).
- Some Academic Schools and Functions had either remained stable or seen an increase in both headcount and FTE, Henley Business School and the School of Agriculture, Policy and Development being two such examples. There had also been small increases in Commercial Services and Estates.

- The figures did not at this point reflect the outcomes of the most recent voluntary redundancy programme, the majority of related exits being effective from 31 July 2021.
- There were programmes of work underway that would, in due course, impact on the staffing profile – for example, following a collective agreement with UCU the University had converted a significant (100+) number of Grade 6 Teaching Fellows to Grade 7 TI Lecturer roles. This would see them move from the Professional & Managerial category to the Academic job family.

The Committee noted that HR were currently developing a new reporting tool (Power BI) which would provide an alternative way of accessing real-time staffing information. If specific benchmarking data were required this could be accessed at a high level through HESA, if more granular benchmarking data were required this could also be accessed via HR networks.

It was suggested that it would be helpful in a future iteration to include detail on age profiles within each area.

Action: Director of HR

The Committee recorded its thanks to all those involved in producing the data and agreed that they would wish to see a report once a year.

Matters for Discussion

21/16 Salaries

a) Professorial Salaries Annual Review

The Committee received and approved a report and recommendations from the Professorial Salaries Advisory Group payable with effect from 1 August 2021 in respect of Professorial Staff.

The Annual Review took a different format this year, as it was decided to combine the 2020 Annual Review, which had been postponed due to Covid, with the 2021 Annual Review. As colleagues had already submitted their forms for the 2020 Review before the first lockdown was announced, their submissions were reviewed alongside those submitted this year to ensure that cases were properly and fully considered and it was agreed that any salary or zone adjustments arising would be given effect retrospectively, as appropriate.

A total of 224 Professorial colleagues had submitted the proforma setting out their recent activities and achievements to 31 December 2019, and 245 to the period to 31 December 2020. A total of 37 professorial colleagues failed to respond; serial non-responders would be invited to meet with the Vice-Chancellor to discuss this.

Mr Taylor, as nominated lay member of the Committee, had attended meetings of the Professorial Salaries Advisory Group and had pronounced himself content with the application of the stated procedures, that the process had been fair, and that there was no bias in decision making. It was recognised that the process was quite intensive and time consuming for colleagues as well as the Group members. It had been suggested that including a section with a clearer recommendation from Heads of School would be helpful and for the Group to decide recommendations in advance to allow greater time to discuss contentious

cases in the meeting. The Committee endorsed the value of having lay member of Council on the Advisory Group to ensure that due process was followed, and thanked Mr Taylor for his work in this regard.

The Committee noted that as part of the Strategic Foundations Programme Pro-Vice-Chancellor (Professor Zaum) was leading on the workstream on expectations and workload management. This work would align the strategic priorities with objectives for individuals and would link in with Personal Development Reviews.

The Committee noted that the total cost of the agreed adjustments to professorial salaries to 2020 was £196,320 and to 2021 £189, 872 being approximately than 0.65% of the overall Professorial pay-bill (without on-costs).

b) Senior Staff Annual Review

The Committee received and approved a report and recommendations from the Senior Salaries Advisory Group payable with effect from 1 August 2021.

The Annual Review took a different format this year, as it was decided to combine the 2020 Annual Review, which had been postponed due to Covid, with the 2021 Annual Review. As many colleagues had already submitted their forms for the 2020 Review before the first lockdown was announced, their submissions were reviewed alongside those submitted this year to ensure that cases were properly and fully considered and it was agreed that any salary or zone adjustments arising would be given effect retrospectively, as appropriate.

The response rates for Heads of Schools and Deans were: 40.91% for 2020 and 84% for 2021. The response rates for Heads of Functions and other Grade 9 Professional & Managerial Staff were: 47.37% for 2020 and 92.31% for 2021. There were 4 non-submissions from Heads of School/Deans and 3 non-submissions from Heads of Function.

Ms Maple, as nominated lay member of the Committee, had attended the meetings of the Senior Salaries Group and had pronounced herself content with the application of the stated procedures. Ms Maple endorsed the comments previously made (21/15) in regard to how the process could be improved. The Committee endorsed the value of having lay member of Council on the Advisory Group to ensure that due process was followed, and thanked Ms Maple for her work in this regard.

The Committee noted that the total cost of the agreed adjustments to senior staff salaries was £9,441 with lump sum awards of £49k.

21/17 Policies

a) Senior Staff Remuneration Policy

The Vice-Chancellor and University Secretary were recused for this item.

The Committee received and noted the Senior Staff Remuneration Policy which had been updated to reflect the current pay freeze.

b) Grievance Procedure

The Committee received and noted the revised Grievance Procedure which had been updated following discussion with HR, Legal Services and UCU. There had been one significant addition with the introduction of a right of appeal for the subject of a grievance. The Committee approved the Procedure for submission to the Council.

The Committee enquired as to how mediation was publicised to colleagues and as to the support available to managers in dealing with grievances. The Director of HR informed the Committee that the aim was always to try to resolve issues before they reached a formal stage but that colleagues within HR would support managers through the grievance process; consideration was also being given to identifying and training a core group of colleagues with the right skills and mediation techniques.

21/18 Remuneration Committee Annual Report

The Committee received and noted the first draft of the annual report for 2020/21. The Director of HR informed the Committee that the report used the same format as previous years. The report would also be incorporated into the 2020/21 Financial Statements.

In regard to the draft the Committee asked that Helen Gordon be added to first section. The Committee noted that the data would be updated at year end.

21/19 Update on Pay and Pension Issues

The Committee received a paper from the Director of HR on pay and pension issues.

The Director of HR informed the Committee that:

- The University had withdrawn for a period of three years from the annual national pay bargaining process via the Joint Negotiating Committee for Higher Education Staff (JNCHES). This was a significant cost-saving measure which formed a significant part of the collective agreement reached with the UCU and Staff Forum in 2020. The three-year pay freeze achieves savings of c. £23m over the relevant period.
- It was the intention to re-engage fully with the national pay bargaining process as soon as any period of local pay-freeze reached its conclusion. Nationally a settlement equivalent to a 1.5% uplift had been offered for the 21-22 period (increases normally effective from 1 August each year); this offer had been rejected by UCU.
- During the period of pay freeze the University would maintain a “shadow” pay structure that mirrored any final national pay settlement; at the end of the three-year period the local pay structures would be updated to reflect the national pay progression.
- In respect of pensions matters, the USS Trustee had now issued its 76.1 Report which reported a deficit of between £14.9bn and £17.9bn and indicated that as a consequence combined contribution rates (i.e. employer and member contributions) would potentially rise from the current level of 30.7% to a range from 42.1% to 56.2%.
- The UUK had sought employer views on proposed ways in which such significant contribution rate increases might be avoided. The current member contribution rate was 9.6% of salary. A rise to 11% was scheduled for October 2021. This, and the employer

contribution rates, were already considered by most to be at the limits of affordability. The current Trustee proposals suggested increased contribution rates in three scenarios up to a combined rate of 56.2%.

- At a recent all-staff talk the potential impact on take-home pay was illustrated for an average Grade 7 employee, with an indicative loss of c.£225 per month in the worst-case scenario (a member contribution rate of 18.1%). The need for action to protect member affordability should now be on an equal footing with pressing concerns in respect of employer affordability.
- UUK had proposed an alternative approach that combined covenant support measures with an alternative benefit structure designed to persuade the Trustee to take a less cautious approach and maintain contribution rates at current levels. UUK were proposing the retention of hybrid DB/DC arrangement with the following changes:
 - The DB salary threshold was reduced to £40,000 (from the current £59,585).
 - Contributions to the Investment Builder (the DC element) remain at 25%.
 - The accrual rate reduces to 1/85th from 1/75th.
 - Indexation was capped at CPI 2.5%.
- The covenant support measures comprised a debt-monitoring framework, *pari passu* (equal) security on new secured debt and a rule change on employer exits with a 20-year rolling moratorium.
- The UUK proposals also referred to two further alternative approaches, namely conditional benefits and flexible options for members. In respect of the former, it was an innovative approach and at face value there was some appeal.
- The UUK consultation was discussed at UEB on 10 May and with Strategy & Finance Committee members on 20 May, with an all-staff briefing focused on USS presented on 19 May. The University was formally supporting the UUK proposals, on balance this being the most pragmatic and responsible approach to take.

The Committee thanked the Director of HR for the report and were supportive of any measures that could be taken to help colleagues understand the impact of the proposed pension changes on individuals pay.

The Committee queried whether UCU would have reasonable grounds for dispute noting the previous dispute had been over 'four fights' (workload, inequality, casualisation, low pay). The Director of HR replied that the University already had a local agreement in place in respect of pay so as such there should not be any potential for dispute, in addition the University had been working closely with UCU on casualisation. It was expected that any dispute would be driven nationally by UCU so there were uncertainties as to what that would mean for Reading, particularly given that elections were taking place within the local branch at present.

Matters for Report

21/20 Severance Payments and Early Retirement Arrangements

The Committee received and noted the severance payments and early retirement arrangements that had been agreed since the last meeting.

21/21 Out of Cycle Salary Increases

The Committee received and noted out of cycle increases agreed since the last meeting. It was noted that one case had been approved by the Chair.

21/22 Report of the University Executive Board

The Committee noted that there was no report on this occasion.

21/23 Dates of Meetings in Session 2021-22

Monday 18 October 2021 at 2.15 pm

Thursday 3 February 2022 at 2.00 pm

Tuesday 7 June 2022 at 10.30 am