

# Remuneration Committee

**23/15** A meeting of the Committee was held on Friday 13 October 2023 at 10.00 am via Teams.

Present: Vice-President of the Council, Kate Owen (Chair)  
The President of the Council, Helen Gordon  
Lay Member of the Council, Sian Butler  
Vice-President of the Council, Kevin Corrigan  
Lay Member of the Council, Sue Maple

By invitation: Vice-Chancellor (recused from Minute 23/25)  
University Secretary (recused from Minute 23/24)  
Director of Human Resources  
Head of Governance (*Secretary*)

## **23/16 Minutes of the last meeting**

The Committee approved the minutes of the last meeting, held on 6 June 2023 as a correct record.

## **23/17 Matters Arising**

All matters arising were covered below.

## **23/18 Disclosures of Interests**

The Committee received and noted a paper from the University Secretary in regard to Disclosures of Interest.

## **23/19 Risk Management and the Corporate Risk Register**

The Committee received a paper that had been submitted to the Council at its last meeting on 28 September 2023 in regard to the Corporate Risk Register and risks relevant to Council and its Sub-Committees.

The Committee noted that it had been allocated by Council the following risks:

- Risk 1 – Failure to recruit, retain and develop both Professional Services and Academic staff due to competitiveness of the recruitment market alongside the challenges of sector pay, benefits package and rising workloads.

- Risk 4 (jointly with Scrutiny and Finance Committee) – Lack of staff capacity to deliver change programme results in delay/failure to deliver change on time/within budget.

Chairs of Council Sub-Committees had been invited to consider at the first meeting of their committee in the session whether and how they could explore one or more of the risks most relevant to their committee’s work in greater detail over the year.

The Committee discussed the risks allocated, in particular the following comments were noted:

- [Redacted, Section 43].
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- [Redacted, Section 43].
- [Redacted, Section 43].

The Committee agreed that the Chair, University Secretary and Director of HR should meet further outside of the meeting to determine what items should be brought forward to future meetings.

### **23/20 Changes to remits of Appointment and Governance Committee, and Remuneration Committee**

At its meeting on 6 June 2023 the Committee considered a paper on the remit of both committees, with a view either to combine them, or to rethink their relative remits. In the current arrangement, there was a lack of clarity as to which (if either) committee had a responsibility to oversee on behalf of Council the staff experience; occasional uncertainty as to which committee a particular item should be submitted; and uncertainty about the “and Governance” part of the Appointments & Governance Committee (A&G) remit. The Remuneration Committee was supportive of the narrowing of A&G to cover Appointments only; and of expanding the remit of Remuneration Committee to include broader staff experience.

It was proposed that Appointments and Governance Committee should from 1 December, if so approved by Council, become the Appointments Committee, and deal only with appointment matters. Its business was likely be brief save only when a significant appointment matter needed discussion and resolution. The removal of the “and Governance” part of its remit should go hand in hand with Council being asked to ensure that for all important new or ongoing governance items an explicit way in which Council, through one of its committees, or through a working group or through involvement of individual lay members, be appropriately involved. In respect of Remuneration Committee, its governance role should be increased so that it could provide assurance to Council, through high level oversight, that the University’s people, organisation and remuneration policies, practices, and outcomes:

- Align with the University's values, strategy, performance, and approach to risk
- Contribute to achieving the relevant objectives of the University strategy
- Comply with legal and regulatory requirements
- Remain relevant to good practice and changing market conditions

More specifically, the Remuneration Committee as part of its broader employee remit would be expected to cover the University's approach to and success in a range of people related matters including staff wellbeing, development, and support; workforce planning; employee engagement; change management and organisational capability; leadership and talent development; and succession planning.

In terms of the formal remuneration part of its role, Remuneration Committee would, as now, be expected to decide on behalf of Council the University's remuneration policy; remuneration for the Vice-Chancellor, members of UEB and any other senior direct reports of the Vice-Chancellor; remuneration of all senior staff through the sub-committee structure; severance arrangements; the annual report on remuneration.

The Committee would also be expected to advise Council as and when helpful on any other matters within its purview such as pensions (though the financial aspect is a matter for Scrutiny and Finance Committee), industrial relations and equality, diversity, and inclusion.

Both Appointments and Remuneration Committees would be responsible for considering any risks assigned to them by the Council, and reporting to the Council on the appropriateness of the risk and the mitigations being taken against it.

Finally, to reflect its new remit, the committee should be retitled the People and Remuneration Committee.

It was important, if this remit was approved, to ensure that the University's own internal committee arrangements for considering these matters were complementary to, and not duplicative of, the work of Remuneration Committee. A review of the University's Staffing Committee would take place once a decision is taken about Remuneration Committee.

Membership of the two committees should be the same, but anyone whose remuneration would be within the remit of the People and Remuneration Committee (currently the Vice-Chancellor and Deputy Vice-Chancellor) in attendance rather than membership. An elected member of the Council should be added to membership of both committees.

It was recommended to the Council that with effect from 1 December 2023:

- (a) The Appointments and Governance Committee be renamed the Appointments Committee;
- (b) The Remuneration Committee be renamed the People and Remuneration Committee;
- (c) The membership of both Committees be:
  - A Vice-President of Council (Chair) (Kate Owen)
  - Another Vice-President of Council (Kevin Corrigan)
  - Two other lay members of Council (Sian Butler and Sue Maple)
  - An elected member of Council (John Jack);
- (d) The Vice-Chancellor and Deputy Vice-Chancellor be members of the Appointments Committee but in attendance at the People and Remuneration Committee
- (e) The President and the Director of HR be in attendance at both committees;
- (f) The terms of reference of the Appointments Committee and the People and Remuneration Committee be as set out below.

#### APPOINTMENTS COMMITTEE:

- (i) To recommend to the Council the appointment of the President, the Vice-Presidents, and any other lay member;
- (ii) To recommend to the Council the appointment of the Vice-Chancellor;
- (iii) To recommend to the Council the appointment of the Pro-Vice-Chancellors and any other member of the University Executive Board;
- (iv) To ensure that in each case above, a fair and transparent process of recruitment and appointment be conducted, and that any such process be in line with Ordinance and all relevant policies;
- (v) On consideration of a proposal from the Vice-Chancellor, to recommend to the Council who from among the Pro-Vice-Chancellors be designated in addition as Deputy Vice-Chancellor;
- (vi) To recommend to the Council appointments to the committees of Council, and to conduct periodic reviews of the effectiveness of those Committees and their inter-relatedness;
- (vii) To review any risks assigned to it by the Council

#### PEOPLE AND REMUNERATION COMMITTEE:

- (i) To provide assurance to the Council that:
  - (a) the University's people, organisation and remuneration policies, practices, and outcomes:
    - (1) Align with the University's values, strategy, performance, and approach to risk
    - (2) Contribute to achieving the relevant objectives of the University strategy
    - (3) Comply with legal and regulatory requirements

- (4) Remain relevant to good practice and changing market conditions
- (ii) To consider the University's approach to and progress in any people related matter within its remit including but not limited to cover staff wellbeing, development, and support; workforce planning; employee engagement; change management and organisational capability; leadership and talent development; and succession planning; and to advise the Council on these matters;
  - (iii) To be properly informed about, and where appropriate contribute to, relevant topics such as pensions, industrial relations, equality, diversity and inclusion;
  - (iv) To provide constructive challenge and support to the University on people matters, including drawing on good practice as well as members' experience;
  - (v) To determine on behalf of the Council pay and reward of the Vice-Chancellor, members of the University Executive Board, any other senior direct report of the Vice-Chancellor, the Professoriate and Grade 9 staff;
  - (vi) To determine severance arrangements;
  - (vii) To review any risks assigned to it by Council.

The People and Remuneration Committee would have a quorum if it has at least three members present.

The Committee were supportive of the proposed changes for submission to the Council.

### **23/21 HEPI Debate Paper**

The Committee received a HEPI debate paper on Vice-Chancellor pay for its information. It was acknowledged that the debate in this area was often skewed by some notable exceptions and that there was a need to consider the full range of Vice-Chancellor pay.

The Committee agreed that it found submission of such reports useful in providing further context.

### **23/22 Update on Pay and Pensions**

The Committee received an update from the Director of HR on pay and pension issues. The Director of HR informed the Committee that:

Pay:

- The University had now reached the end of the period of collective agreement with UCU.
- The 2023 pay award had been paid in full.
- Consultation on the 2024 pay award would start in the New Year and would operate on the normal timeframe.

- Proposals would be brought forward in regard to the lower points on the pay scale, particularly considering the Living Wage and broader aspects around terms and conditions.
- UCU were currently balloting members on further industrial action (the ballot would close on 2 November 2022).
- Work was continuing with UCEA on the pay spine and whether it could be maintained.

Pensions:

- UK universities and USS pension scheme members had issued a joint statement calling for the 2023 pension scheme valuation to be finalised quickly so pension benefits could be increased, and contributions lowered as soon as possible. Universities UK and UCU had pledged a collaborative approach to increasing benefits and accrual rates back to the levels prior to the reductions made in April 2022, (so reducing contribution rates for members and employers by around a third) and exploring options to make the scheme more sustainable.

The Committee thanked the Director of HR for the update. It was agreed that Council should continue to be appraised of any changes taking place nationally in respect of pay and pensions. The Scrutiny and Finance Committee would have responsibility for considering and understanding the implications of financial changes in respect of USS.

### **23/23 Draft Annual Report 2022-23**

The Committee received and noted the Annual Report for 2022/23 from the Remuneration Committee that would be submitted to the Council on 22 November 2023. The report would also be incorporated into the 2022/23 Financial Statements.

The Director of HR agreed to speak with the Director of Finance as to whether any mention should be made of potential changes to USS.

*The University Secretary left the meeting*

### **23/24 UEB Remuneration**

The Vice-Chancellor submitted to the Committee proposals in respect of remuneration for UEB members.

The Vice-Chancellor explained that he agreed specific targets with each member of UEB. He reminded the Committee of the set of principles used for the remuneration of UEB members, these principles were:

- Salary adjustments were based on performance against the University's top-level KPIs and on taking on new responsibilities or extensions of remit;
- Award payments were based on cases where individual UEB members could provide evidence of contributions that exceed what could be expected in the delivery of activities, projects, or key processes;
- Shadow salary adjustments considered the full workload of the PVCs and DVC who retained their permanent position in an academic School.

In terms of updating performance against the KPIs against which any claims for salary adjustments were made – KPIs 6, 8 and 9 had been achieved, with an upwards trend on all other KPIs bar KPI 5 (cashflow from operating income as a percentage of income).

The summary of recommendations for UEB remuneration were as follows – It was noted that no recommendation would be made in October 2024, in line with the decision to pause senior reward processes for one year:

Function	Name	Salary adjustment (£)	Award payment (£)	Shadow salary
[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]
[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]
[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]
[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]
[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]	[Redacted, Section 40]
<b>Total for UEB</b>		<b>14,000</b>	<b>3000</b>	

The Committee approved the proposals. The Director of HR agreed to implement the proposed awards.

### 23/25 Vice-Chancellor's Remuneration

By way of context ahead of the discussion the Director of HR informed the Committee that a recent CUC pay report had highlighted a number of points of interest, as follows:

- The average increase in pay for Vice-Chancellors in 2022 was 4.3%
- The average basic pay for Vice-Chancellors (January 2023) was £267k; the median £280k
- Only 24 of the institutions who responded to the report applied the national pay award to Vice-Chancellors – at Reading the national pay award was awarded to all colleagues including the Vice-Chancellor and members of UEB.
- 85 Vice-Chancellors had opted out of USS
- The average pay ratio was 7.32/1 (Reading 6.4/1)
- 21 Vice-Chancellors received bonus payments, the average of which was £19k

The Committee noted that the Vice-Chancellor had requested that the Remuneration Committee make no salary adjustment for 2023. The Vice-Chancellor had strong views on the appropriate remuneration of a Vice-Chancellor.

The Committee noted that the President of the Council had met with the Vice-Chancellor and that a set of meaningful objectives would be agreed imminently; these would be shared with the Vice-Presidents.

The Committee discussed at length the Vice-Chancellor's remuneration. The Committee recognised that the indicative market range for a new Vice-Chancellor would be in the range of c£260-c£280k. The Committee was mindful of the Vice-Chancellors request for no award, the potential optics of granting a pay award, the need to ensure that remuneration was in line with comparable institutions, and the risks around underplaying the value of senior leadership roles. The Committee agreed a salary uplift of 8% should be given. The President of the Council would inform the Vice-Chancellor of this decision.

The Director of HR agreed in due course to come back to the Committee with more information on the benchmarking of leadership salaries.

**23/26 Severance Payments and Early Retirement Arrangements**

There was no report on this occasion.

**23/27 Out of Cycle Salary Increases**

There was no report on this occasion.

**23/28 Report of the University Executive Board**

There was no report on this occasion.

**23/29 Date of next meeting**

Thursday 1 February 2024 at 2.00 pm

Tuesday 4 June 2024 at 10.30 am