

## **Senior Staff Remuneration Framework 2018/19**

### **1. Introduction and scope**

- 1.1 This framework is intended to guide remuneration decisions by the Nominations, Staffing and Remuneration Committee sitting as the University's Remuneration Committee, to ensure that decisions are made in accordance with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code (the Code).<sup>1</sup> The University has adopted the Code, and is committed to the Code's principles that remuneration should be fair, appropriate and justifiable; that remuneration decisions should be procedurally fair; and that the process for setting senior staff remuneration should be transparent and accountable.
- 1.2 This framework guides the Remuneration Committee's oversight of the University's remuneration policy as it applies to all staff, and the Committee's decisions on senior staff whose individual remuneration is determined by the Committee. 'Senior staff' for these purposes are the Vice-Chancellor, the Deputy Vice-Chancellors, the Pro Vice-Chancellors, the Director of Finance, the Chief Operating Officer, the University Secretary, and such other staff as may be determined by the Governing Body from time to time. The Framework shall be reviewed by the Committee annually to ensure that it is up to date and reflects best practice.
- 1.3 For the purposes of this framework, 'remuneration' means not only basic pay but also bonuses, expenses and other allowances, and the monetary value of benefits in kind (e.g. housing, cars).

### **2. Governance**

- 2.1 The Remuneration Committee has a responsibility under its terms of reference to consider and note matters of strategic significance concerning remuneration and other employment matters for all staff. It is also authorised by the Governing Body to determine and review the salaries, terms and conditions (and where appropriate severance payments) of the Vice-Chancellor and other senior officers of the University as determined by the Governing Body.
- 2.2 When the Committee sits to consider the remuneration of senior staff, the Chairs of the Finance and Audit Committees will also be present. The Vice-Chancellor is not a member of the Committee; they may be asked to attend part of the meeting to share information about senior staff, but will not be part of the decision making process nor will they be present during discussion of their own salary. The Committee shall have a majority of members who are Independent Governors, and shall be chaired by an Independent Governor who is not the Chair of the Governing Body (who may, however, be a member of the Committee). The Committee may include external co-opted members appointed by the Governing Body because of their expertise in remuneration.

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<sup>1</sup> <https://www.universitychairs.ac.uk/higher-education-remuneration-code-2/>

2.3 Staff Governors serving on the Committee receive all the reports relating to pay mechanisms and a note of the senior staff pay increase outcomes, but do not attend for the discussion about individual senior staff.

### **3. Information to ensure fair and appropriate remuneration**

3.1 The Committee shall receive information to enable it (1) to effectively monitor pay-related decision making for all staff; and (2) to make decisions on the remuneration of senior staff which reflect the context in which the University operates, the market for roles, the value delivered by individuals in their roles, and the University's approach to rewarding all of its staff.

#### *Monitoring of pay-related decision making - all staff*

3.2 To enable it to effectively monitor the University's commitment to fairness and transparency in its pay policy, the Committee shall consider at least annually and as required:

- a) The outputs, recommendations and action plans arising from equal pay audits.
- b) The University's gender pay gap annual report and action plan.
- c) Summary information of the outcomes of all promotion and pay processes, including:
  - HERA grading review panels
  - Academic promotions including those to Chair and Readership
  - Professorial Pay Review
  - Senior Manager Pay Review

For each of these processes, the Committee should receive a summary of the decisions made, including:

- The number of successful applications by protected characteristic as a percentage of the overall number of applications and eligible members of staff.
  - An analysis that helps the Committee determine that decision making has complied with the principles of equity and to approve recommendations to address any issues that the data might highlight.
- d) The current average remuneration of all employees – including cost of living and incremental progression - and the average remuneration of senior staff covered by Remuneration Committee.
  - e) The annual rate of increase in the average remuneration of all staff and of senior staff over the preceding three years.
  - f) The relationship between the Vice-Chancellor's remuneration and that of all staff, expressed as the following pay multiples based on the methodology used by UCEA: the Vice-Chancellor's basic pay to the median basic pay of all staff; the Vice-Chancellor's total remuneration to the median total remuneration of all staff. Pay multiples shall be provided for the current year and the preceding three years.

*Ensuring fair, appropriate and justifiable remuneration - senior staff*

3.3 The information in 3.2 will allow decisions on senior staff remuneration to be informed by the University's general staff reward framework. The following information will ensure that decisions on individuals reflect the University's operating context and institutional performance, the market for roles, and the contribution of individuals to the University's success:

a) Operating context and institutional/Faculty performance

- Most recent Strategic Plan KPIs report to the Governing Body.
- NSS performance (for the University or Faculty, as appropriate to the post holder).
- Performance against student number targets (for the University or Faculty, as appropriate to the post holder).
- Performance against financial targets (for the University or Faculty, as appropriate to the post holder).

b) Market for the role

- Post holder's current remuneration (broken down by component, e.g. basic pay, employer's pension contributions, healthcare benefits).
- Increases in the post holder's remuneration over three preceding years.
- Analysis of the most recent UCEA Senior Staff Remuneration Survey data for comparable roles and comparable institutions (by income size, post 92s).
- For the Vice-Chancellor: analysis of the most recent CUC Vice-Chancellor's Remuneration Survey data.

c) Value delivered by individuals in their role

- Line manager's assessment of performance against the previous year's objectives.

3.4 The Committee will also review senior staff objectives for the current year, which will form the basis of the future assessment of performance, after objectives have been agreed in the annual appraisal round between senior staff members and their line manager.

#### **4. Setting remuneration**

4.1 Using the information in section 3, the Committee shall determine the remuneration of senior staff for the current financial year based on institutional context and performance, the market for the role and individuals' performance. The Committee may also make adjustments to rectify pay anomalies.

4.2 The following scheme will be used for the component of remuneration which is linked to an individual's performance in the previous year:

	<b>Pay increase</b>	<b>Criteria</b>
1	0%	Capability discussions are being held and a performance improvement plan is in place

	<b>Pay increase</b>	<b>Criteria</b>
2	The cost of living pay increase awarded to all staff subject to national pay bargaining	Objectives set in appraisal have been met and the role holder has demonstrated behaviour consistent with the University's values
3	The cost of living pay increase awarded to all staff (see 2) plus 1%	Objectives set in appraisal have been exceeded and the role holder has exceeded expectations regarding behaviour consistent with the University's values
4	The cost of living pay increase awarded to all staff (see 2) plus 2%	Objectives set in appraisal have been significantly exceeded and the role holder has made a demonstrable contribution to building a collegiate, collaborative and inclusive environment

- 4.3 The assessment of performance against objectives will take into account any changes within the University or difficulties that may have impacted on the achievement of objectives, in accordance with the University's [Appraisal Policy and Procedure](#).
- 4.4 The criteria above will be reviewed by the Committee annually and when a performance pay scheme for the University has been developed. Senior staff will be informed by their line manager when their remuneration is being reviewed and of the criteria above that are used.
- 4.5 Reflecting the CUC Code, any award for criteria 3-4 linked to the previous year's performance will not be consolidated into a senior staff member's basic pay, with the exception of the component of the award which reflects the annual cost of living pay increase paid to all staff. The latter will be consolidated into the basic pay for senior staff receiving awards under 2-4. This is consistent with the approach taken to staff on 'spot' salaries whose remuneration is not subject to the Remuneration Committee.
- 4.6 The Committee may, exceptionally, agree an additional component of a senior staff member's remuneration on the grounds of retention. In doing so, the Committee shall give due regard to the risk of inadvertently building pay inequality into the pay structure through retention payments, and that at this level pay is rarely the sole factor in someone staying or leaving the organisation. Retention payments should only be considered for staff whose skills and experience would be difficult to replace cost effectively in the market and when there is an evidenced risk of an individual leaving the University (e.g. they have an offer from another institution). These provisions shall be reviewed when a Recruitment and Retention Policy for the University has been developed.

## **5. External appointments**

- 5.1 Senior staff are encouraged to take up external appointments which support the University's strategy and public engagement (e.g. appointments to the governing bodies of FE partners or to the boards of HE sector bodies), provided an appointment does not conflict with an individual's role at the University. All external appointments must be approved by the senior staff member's line manager and will be reported annually to the Committee.

5.2 Many external appointments will be unremunerated. Where an external appointment involves income for the individual (other than payment of expenses or subsistence), the guiding principle is that there must be no 'double payment': i.e. a senior staff member must not be paid by the University and the external body for the same time or effort. Suitable arrangements to avoid this (e.g. a reduction in the staff member's income from the University to reflect the external income, or a payment to the University from the external body in compensation for the staff member's time) must be approved by the Committee and reviewed annually by the Committee.

5.3 Senior staff may benefit from the exploitation and commercialisation of intellectual property on the same basis as other staff under the University's [Intellectual Property Policy](#) and guidance.

## **6. Severance payments**

6.1 Severance payments to senior staff must be approved by the Committee, which may take external legal advice as required. The Committee shall ensure that severance payments are reasonable and justifiable and are in accordance with contractual requirements. When considering severance payments, the Committee shall have regard to the separate guidance on senior staff severance payments issued by the Committee of University Chairs (CUC).<sup>2</sup>

## **7. Pensions**

7.1 The Committee has agreed that the University's policy should be that it will not enter into special arrangements for senior staff or other staff who wish to withdraw from pension schemes.

## **8. Transparency and reporting**

8.1 The Committee shall report on its activities to the Governing Body through a Remuneration Annual Report<sup>3</sup>. In preparing the annual report, the Committee shall take account of the separate guidance on remuneration annual reports issued by the CUC.<sup>4</sup>

8.2 The Committee shall approve a Remuneration Annual Statement, based on the Remuneration Annual Report, for publication in the University's financial statements, which shall include (at a minimum) the mandatory elements specified by the CUC Code.

8.3 The Committee shall review any information relating to remuneration which the University is required to publish by the Office for Students' annual Accounts Direction, which shall be published in conjunction with the Remuneration Annual Statement.

Approved by the Governing Body: 15 October 2018

Date of next review: October 2019

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<sup>2</sup> <https://www.universitychairs.ac.uk/higher-education-remuneration-code-2/>

<sup>3</sup> The first Remuneration Annual Report shall be prepared to reflect decisions by the Committee during 2018/19, following the University's adoption of the CUC Code.

<sup>4</sup> <https://www.universitychairs.ac.uk/higher-education-remuneration-code-2/>