

Introduction

This report summarises the business of the RC for the academic year to 31 July 2014 and sets out how the Committee has discharged its responsibilities as set out within the approved, and published, [terms of reference](#)¹.

The report is prepared for members of the Board of Governors but it is also intended to publish the report on the website as part of our ongoing efforts to improve the transparency of governance processes within the institution.

Terms of Reference and Membership

Purpose

The RC is constituted to discharge the Board of Governors responsibilities in relation to:

- i. setting a framework for the pay and conditions of all staff;
- ii. the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts²

Holders of Senior posts include the Vice-Chancellor, Deputy and Assistant Vice-Chancellors, Pro Vice-Chancellors, the Clerk to the Governors, and other senior posts as defined by the Committee³.

The terms of reference are reviewed as part of the wider consideration of governance effectiveness on an annual basis through the Nominations and Governance Committee.

Membership

RC is composed of five members: the Chairs of the Board of Governors and its three major committees (Audit, Finance and Strategic Planning and Performance Committees) and the Vice-Chancellor for matters not concerning himself.

Accordingly the members of the Committee for the period were: Gillian Camm (Chair) Sandra Forbes Dr Martin Hagen, Sonia Mills and Professor Steven West. During the Year the Deputy Chair of the Board of Governors, Professor Graham Upton, deputised for the Chair of the Board of Governors on two occasions and attended the third meeting.

The Committee's meetings were also attended, where appropriate, by Debbie England (Director of Human Resources and Organisational Development) John Rushforth (Deputy Vice-Chancellor and Clerk to the Board of Governors) and supported by Alastair Osborn

¹ See <http://goo.gl/a5Ru5S>

² Articles of Government, (Article 3(1,d,e)) – See goo.gl/0hOH1M

³ There are three different definitions of senior staff within the University/Sector all of which fall outside of the HERA scheme: a) "Holders of Senior Posts" – as listed above, b) "Senior Postholders" – Anyone on the "S" Grade pay scales and c) "Senior Staff" – A HEFCE definition to support reporting: any member of staff who's gross annual salary is greater than £100,000.

(Deputy Clerk to the Board of Governors). By invitation the Committee also received presentations from external consultants, notably Mercers and HayGroup.

Declarations of Interest

The Committee routinely received declarations of interest from the Vice-Chancellor, Deputy Vice-Chancellor and Director of HROD with a decision made on a case by case basis as to whether the individual declaring an interest should remain in the meeting.

The Vice-Chancellor, the Deputy Vice Chancellor and the Director of HR were not present at any discussions directly relating to their emoluments during the academic year.

Committee Meetings

RC met on three occasions during 2013/14 academic year: 21 January, 26 March and 15 July. In addition, upon the release of relevant information, members corresponded in the autumn term to confirm the whether the Vice-Chancellor had met targets, set in the previous academic year, in relation to their contractual performance related remuneration.

Work of the Committee

Approach to Remuneration

Over time the Committee has developed a strong, evidence based, ethos to its discussions and, in addition to supporting national pay negotiations, has identified four key principles:

- i. clear alignment between remuneration packages of holders of senior posts and the organisational culture of the University;
- ii. in general regulatory and legislative changes would not dictate the University's remuneration framework for all staff;
- iii. where individuals exercised choice which provided the University with a financial benefit, there should not be an expectation for the University to share that benefit with the individual;
- iv. the university should not provide, or pay for, employee tax advice.

The principle evidence underpinning discussions is drawn from:

- i. Higher Education Statistics Agency (HESA) data
- ii. University and Colleges Employer Associations (UCEA) Senior Staff Remuneration Survey;
- iii. Committee of University Chairs Vice-Chancellor Salary Survey;
- iv. Reports and reviews from external experts commissioned by the Committee;
- v. Internal analysis of salary distributions, performance and contribution to the strategy of the University.

In order to maintain the competitive positioning of UWE's reward packages the Committee routinely seeks to benchmark positions that do not fall into the Higher Education Role Analysis (HERA) Scheme³ within the upper quartile of the remuneration offered within comparator institutions, often taken as other members of the University Alliance mission group.

When considering changes to the remuneration of Holders of Senior Posts the Committee also seeks maintain a steady ratio between senior leaders within the University and the median pay of all staff within the institution noting that the [Hutton Review of Fair Pay in the](#)

[Public Sector](#)⁴ (2011) found that “median earnings are a more representative measure of the pay of the whole workforce”.

Vice-Chancellors Emoluments

The Committee also considers arrangements for the Vice-Chancellor’s remuneration which, in common with most of the sector, consists of base remuneration and a contractual performance related pay, in UWE’s case, of up to 10% of the basic pay. The Committee utilises evidence from the sources identified above to benchmark the Vice-Chancellor’s pay and sets quantified performance targets, aligned to the strategy of the University, which if reached trigger the release of a performance related payment.

Since 2012/13 the Committee has defined the Vice-Chancellor’s performance targets in relation to the financial performance of the institution and National Student Survey results. In order for the maximum bonus to be payable the stretch targets for both performance targets must be achieved. The achievement of one of the targets triggers a proportion of the allowable bonus subject to their being no deterioration in the other metric.

At the July meeting the Committee considered the targets to be set for the 2014/15 academic year confirmed to the Board of Governors as part the discussion of this report.

Pension allowance changes

The Government has further reduced the amount individuals can invest tax free in their in their pension provision, both on an annual basis and over their working life. The changes are structured in such a way that it they now have the potential to impact on a significant, minority of managers, adversely affecting the value of their remuneration.

The committee has spent a significant amount of time in the academic year considering the impact of these changes on the competitiveness of the University’s remuneration offer and, in line with the principles established, has conducted a wider review of the University’s approach to remuneration of senior potholders in order to develop a response which is cognisant of the wider institutional context.

Again this work culminated at the July meeting and members will be briefed further as part of the discussion of this report.

External appointments and expenses

The committee recognises the importance of the senior team having a strong external profile but routinely reviews and publishes the expenses claimed by holders of senior posts and monitors the level of commitments external to the University held by individuals.

⁴ See <http://goo.gl/t9uehE>

Governance

Members should note that HEFCE is working with the British Universities Finance Directors' to increase the level and consistency of reporting of Vice-Chancellor's salaries within institutional reports which will include a requirement for all institutions to disclose the nature (although not the associated drivers/targets) of performance related payments.

Members are collectively of the opinion that RC continues to effectively discharge its responsibilities as set out in the published terms of reference and in doing so supports the governing body to fulfil its obligations under Article 3(1,d,e) of the Articles of Governance.

Recommendation

Members are invited to discuss the report and endorse the Committee's approach to remuneration.

Gillian Camm
July 2014