

Remuneration Committee

19/26 A meeting of the Remuneration Committee was held in Committee Room 2, Whiteknights House on Monday 21 October 2018 at 2.15 pm.

Present:-

The Vice-President, Mr R. Evans (in the Chair)
The President, Dr P.R. Preston
The Vice-President, Mrs K. Owen
Member of the Council, Mrs S. Maple
Member of the Council, Mrs S. Woodman

By invitation:-

Member of the Council, Mr J. Taylor
The Vice-Chancellor (recused for Minutes 19/32 b)
The University Secretary (recused for Minutes 19/32 a and b)
The Director of Human Resources
Head of Governance (Secretary)

19/27 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 11 June 2019.

19/28 **Matters arising**

19/16 Trustee Appointments

It was noted that preparations for tender process for the procurement of an external trustee would begin during 2020.

It was reported that the action on seeking an employee trustee was still with the Chief Financial Officer.

19/17 Staff earning over £100k

The Director of Human Resources tabled a note setting out the number of staff earning over £100k since 2014. It was noted that there had been a change in methodology in regard to the counting of such individuals, but that numbers were as follows: 40 2015, 41 2016, 46 2017, 54 2017, 51 2018, 52 2019. The majority of these employees were academic. The number of employees earning over £100k at Reading was low compared to the sector.

The Committee noted that OfS's definition of high earners as £100k had been the same for a while.

19/29 Membership and Terms of Reference (Item 3)

The Committee received and noted a copy of its Membership and Terms of Reference.

19/30 Disclosure of Interests and the Risk Register (Item 4)

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

Matters for Discussion

19/31 Annual Report for the Remuneration Committee (Item 5)

The Committee received and approved the Annual Report from the Remuneration Committee that would be submitted to the Council on 27 November 2019. It was noted that an edited version would appear in the University's Financial Statements for 2018-19.

The Committee suggested a few minor amendments to the text. In addition, it was suggested that reference be made to the fact that the Vice-Chancellor had accepted a lower salary than the range previously proposed by the Committee.

[The University Secretary was recused from the meeting]

19/32 Salaries (Item 6)

a) Pay and Benefits of Senior Officers Reporting to the Vice-Chancellor

i) General approach to UEB Remuneration

The Committee received and approved a paper, prepared by the Vice-Chancellor, setting out a framework of principles for the remuneration of members of UEB, as follows:

General

- 1) The CUC's *The Higher Education Senior Staff Remuneration Code*: should be consulted as part of any remuneration of senior staff.
- 2) The Vice-Chancellor would have no role in any discussion and determination of the salary or award payment of the Vice-Chancellor.
- 3) The Vice-Chancellor would annually make recommendations to the Autumn Term meeting of the Remuneration Committee regarding the

salaries, award payments and shadow salaries of the other UEB members.

- 4) UEB members who were members of the USS were eligible to receive the employer's pension contribution; where individual UEB members withdrew from USS, or cap contributions, it was not our normal policy to provide additional remuneration in lieu of the employer's contribution.
- 5) The annual national pay award was applied automatically to all staff including UEB members.

Starting salaries

- 1) The starting salary of the Vice-Chancellor would be determined by the Chair of the appointment committee (normally the President of Council) in consultation with the Chair of the Remuneration Committee and the Director of HR.
- 2) Starting salaries of all UEB members other than the Vice-Chancellor would be determined by the Chair of the appointment committee in consultation with the Vice-Chancellor and the Director of HR.
- 3) In all circumstances, those determination of starting salaries would be mindful of sensitivities regarding senior staff remuneration and pay ratios in respect of the wider workforce.

Salary adjustment

- 1) UEB exercise responsibility over the operation of the University, and salary adjustments of UEB members should be based on measurable progress in meeting the targets of the top-level KPIs, as agreed with the Council. Remuneration Committee should be mindful of both: progression against all top-level KPIs reflecting the collective responsibility of UEB; progression against top-level KPIs that are individually or joint owned by UEB members.
- 2) Occasionally, individual members of UEB would accept new responsibilities, for example taking line-management responsibilities of one or more Functions or extending the remit through the development of new ventures, and individual consolidated salary adjustments might be appropriate to reflect the relevant roles. Such adjustments would be proportionate to the additional responsibilities required.

Award payments

- 1) Individual UEB members would regularly lead on projects, activities or key processes (such as formal Reviews) the outcomes of which might not be reflected immediately in the University's top-level KPIs. Where individual UEB members could provide evidence of contribution that exceeded what can reasonably be expected in the delivery of such activities, projects or key processes, a one-off non-pensionable award payment may be awarded. This should, normally, not exceed £5,000/year.

Shadow salaries

- 1) Academic members of UEB on fixed-term contracts as Pro-Vice-Chancellor and Deputy Vice-Chancellor have a 'shadow salary' that reflected their progression on the existing professorial pay-scale. Upon completion of the fixed-term role, and return to their academic School, the former academic members would receive their updated 'shadow salary'.
- 2) The adjustment of shadow salaries would be based on the full contribution of the individual, taking into account both academic achievements and achievements as a member of UEB. Normally, a salary adjustment for a Pro-Vice-Chancellor or Deputy Vice-Chancellor would be fully reflected in their shadow salary.

The Committee agreed that it would be helpful to use the University Strategy in setting objectives and targets next year.

ii) UEB Salary Review 2019

The Committee received a paper prepared by the Vice-Chancellor in regard to the pay and benefits of senior officers reporting to the Vice-Chancellor. The Committee were reminded that all members of UEB also received the nationally agreed cost of living increase.

The Committee discussed the proposals put forward and noted the University's performance across a range of KPIs, on the basis of which it agreed the following:

Role	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]
[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]
Total for UEB		9000	15000	

In regard to the part-time appointments of Professor Yaqoob and Professor Zaum, the Committee asked that next year the Head of the relevant School review the element of the salary related to the School part of the appointment.

[The Vice-Chancellor was recused from the meeting]

b) Pay and benefits of the Vice-Chancellor

The Committee discussed the pay and benefits of the Vice-Chancellor. The Committee were reminded that it was not normal practice to review salaries within the first 12 months of appointment.

The President informed the Committee that he had yet to set formal objectives with the Vice-Chancellor but that he intended to do so. It was agreed that the Vice-Chancellor's salary should be set against achievements and objectives

The Committee recognised that the Vice-Chancellor had accepted a salary outside of the range previously agreed during the recruitment process. Whilst the Committee was appreciative of the gesture it reserved the right to increase the salary in light of performance.

Given performance to date the Committee agreed a lump sum payment of £5,000.

[The Vice-Chancellor and the University Secretary returned to the meeting]

c) Senior Staff Review

The Committee received a report on recommendations from the Senior Salaries Advisory Group payable with effect from 1 August 2019.

It was reported that the response rate was lower than normal (56.09%). This was attributed to the fact that the review of the Grade 9 pay and grading structure had only recently been completed along with the restructuring within IT, and ongoing discussions with HBS around remuneration packages. It was reported that the Annual Review process would revert to the normal timetable next year and would report to the Remuneration Committee in June 2020.

The Committee noted that the total cost of the proposed adjustments to salaries for Heads of Function and other Grade 9 staff was £4, 573.80, and £28,500 for lump sums.

The Committee approved the report.

19/33 Update on Pay and Pensions (Item 7)

The Committee received an update on national pay bargaining and pensions. In particular it was noted that:

Pay

- 1) The 2019 pay bargaining round concluded without full agreement with the trade unions, and HEIs were subsequently advised by UCEA to implement the final tabled offer (to be effective from 1 August 2019).
- 2) The offer consisted of an increase of 1.8% on all spinal points, and an element of “bottom-loading” with a sliding scale of increases on points 3-16 from 3.65% to 1.83%. Significantly, point 2 on the national spine was to be deleted no later than April 2020 (designed to keep pace with changes to the national living wage).
- 3) The deletion of point 2 required a restructuring of the lower grades on our local structure, and recommendations to this effect were discussed and agreed with UEB (contingent on discussions with relevant line managers in respect of the practicalities of implementation). Once implemented the new hourly rates would be broadly equivalent to the “real” living wage. However, the burden of the additional costs fell on a small number of operational areas and colleagues had genuine concerns regarding affordability (not least because the changes occur in-year).

Pensions

- 1) Following further consultation with UUK and other stakeholders the USS Trustee met on 12 September 2019 and finalised the 2018 scheme valuation.
- 2) This confirmed contribution rates of 21.1% for employers and 9.6% for members, from 1 October 2019 for a period of two years (with higher rates thereafter, subject to the outcomes of the 2020 valuation). The headline rates were lower than those previously expected from 1 October.
- 3) The revised contribution rates were achieved in part by agreement on behalf of employers to consider rule changes relating to exiting the scheme, monitoring of employer debt levels by the Trustee, and discussions regarding *pari passu* provisions in respect of secured borrowings.
- 4) The Joint Expert Panel (JEP) established following last year’s industrial action was due to report on Phase 2 of its work (relating primarily to valuation

methodologies) shortly. This was expected by the end of September but had been delayed; no firm date for publication had been received to date.

- 5) UCU had opened two local ballots for industrial action in respect of pay and pensions. The ballots closed on 30 October 2019. As before each ballot required 50% of members to participate before any industrial action could proceed.
- 6) The University had also received ballot notifications in respect of pay from Unison and Unite (a combined local membership of 45). The Director of Human Resources had written to the respective regional representatives asking that they re-consider balloting such a small number of colleagues, but no response had been received.
- 7) The University's Strike Operations Group had been re-convened in advance of the ballot closure date to begin preparations for the possibility of industrial action.

19/34 **Grade 9 Review and HBS (Item 8)**

The Committee received a paper, prepared by the Director of Human Resources, proposing a remuneration approach for specific HBS staff to address issues arising from the recent Grade 9 Review.

It was proposed that a remuneration package that included basic pay, a market related element, and a performance-related bonus be used. This would reflect market realities for business schools, as well as ensuring effective recruitment and retention of key posts.

The Committee noted that there had been some discussion as to whether the performance-related bonus should also apply to the Business Development Managers (currently Grade 7). UEB had agreed that the bonus should not apply to those staff as there were arrangements for reward already in place via the regular reward processes.

The Committee discussed the use of market rates and incentivised elements, in particular whether there was enough robustness in the targets and whether the University required further thresholds to be reached. The Director of Human Resources assured the Committee that the target rates would be set in conjunction with the Dean, and that the arrangements would be kept under review. It was noted that market rate element was intended to hit the bottom of the range for salaries in the sector, and that the incentive rate should take salaries to a median range in comparison with other institutions.

The new arrangements would be communicated to relevant staff with an effective date of 1 November 2019. Colleagues who were 'red-circled' were protected on their current terms for a period of three years (from 1 August 2019). They would be given the option of remaining on protected terms for this period or transferring to the new arrangements with immediate effect.

The Committee approved the proposal as outlined.

Matters for Report

19/35 Severance Payments and Early Retirement Arrangements (Item 9)

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

19/36 Out of Cycle Salary Increases (Item 10)

The Committee received and noted the out of cycle salary increases that had been agreed since the last meeting.

19/37 Report of the University Executive Board (Item 11)

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

19/38 Dates of Meetings in Session 2019-20

Tuesday 28 January 2020 at 2.00 pm

Tuesday 9 June 2020 at 10.30 am