



TO: **BOARD OF GOVERNORS, 21st NOVEMBER 2018**

FROM: CHAIR OF REMUNERATION COMMITTEE

PREPARED BY: DIRECTOR OF HUMAN RESOURCES

DATE: 6th NOVEMBER 2018

SUBJECT: **ANNUAL REPORT OF REMUNERATION COMMITTEE**

1. PURPOSE & RECOMMENDATION

- 1.1 This report summarises the business of the Remuneration Committee in the academic year 2017/18 and describes how the Committee has discharged its responsibilities.
- 1.2 The report is prepared in compliance with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC), which requires us to produce an annual remuneration report. Under the code, the report should provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities.
- 1.3 This report also includes revised Terms of Reference for the approval of the Board.

2. TERMS OF REFERENCE AND MEMBERSHIP

- 2.1 The Committee's terms of reference were reviewed this year and are appended at Annex A for the Board to approve. The Committee's remit applies only to the holders of "Senior Posts", defined as Vice-Chancellor, Deputy Vice-Chancellor/ Provost, the Chief Operating Officer and the Clerk to the Board of Governors (a role undertaken by the University Secretary since 15 August 2018).
- 2.3 The Committee has four members who for the period were: Mr D Pester (Chair), Mr T Jagger, Lady T Lloyd and Professor P Martin. The meetings were supported by Mrs A Stone Director of Human Resources who acted as Secretary.
- 2.4 In 2017/18 the Committee met on two occasions. The Vice-Chancellor was not present at either meeting.

3. PRINCIPLES

3.1 The following three elements of fair and appropriate remuneration, from the CUC code shall govern the determination of remuneration for senior staff:

- a fair, appropriate and justifiable level of remuneration;
- procedural fairness: and
- transparency and accountability.

In doing so remuneration decisions will enable:

- The recruitment, motivation and retention of the highest quality staff
- Exceptional performance to be recognised
- Internal relativity

3.2 The Committee are currently working on a Remuneration Policy that will expand on how they intend to implement these principles.

4. WORK OF THE COMMITTEE

4.1 The Committee has been mindful of the challenges that the University operates within that include high levels of uncertainty and change. They considered the turnover and size of the University, understanding that it is positioned as relatively small in the sector. They considered the challenges that are faced by having multiple sites, the ambitions of the development in Locksbrook Road and the links made internationally.

4.2 In addition to the overarching principles and their knowledge of the University the Committee examined and discussed a broad and comprehensive set of data identified below. The main considerations taken into account by the Committee in determining changes to the remuneration packages of the holders of Senior Posts were:

- The performance of the University, for example as set out in the regular reports to the Board on specified Key Performance Indicators.
- The individual contribution of post-holders as aligned with the University's strategy and performance, and in relation to agreed personal objectives.
- The need for the University to maintain its competitive position in the higher education and wider market-place for equivalent positions.
- Affordability and reputation.

This year as the University was recruiting a new Vice-Chancellor the Committee had to determine a salary range for the new Vice-Chancellor and ultimately the remuneration package offered. In reaching their decision they discussed their concerns about escalation of pay in the sector and the importance of recruiting an appropriately skilled individual to steer the University in a time of challenge.

4.3 The data the Committee used to inform its deliberations draws on a broad range of contextual and bench-marking information. The information analysed included the following:

- University and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey data for:
 - All institutions
 - All Post-92 institutions
 - All institutions with an income of £70m to £100m
 - Post 92 Universities with an income of £70m to £100m
 - Million + group

- Benchmark information from other universities including the Committee of University Chairs (CUC) Vice-Chancellor Salary Survey data for:
 - Falmouth University
 - Goldsmiths
 - University of Winchester
 - University of Portsmouth
 - University of Buckingham
 - University for the Creative Arts
 - Coventry University
- THE article on Vice-Chancellors' salaries based on published accounts.

The Committee also received and noted information on:

- The national pay negotiations between UCEA and the five trade unions.
 - The pay multiple of the remuneration of the Vice-Chancellor to the median earnings of the workforce. In previous years this had been calculated using methodology outlined by UCEA which indicated a pay ratio of 7.8 in 16/17. Using this same methodology the pay ratio for 17/18 is 5.97. The reason for this change is the lower remuneration for the newly appointed Vice-Chancellor. This year the Office for Students accounts direction requires a different method of calculation that includes casual staff in the calculation of median earnings for the University workforce and looks at both basic and total pay. Full details of this are included in the 17/18 financial accounts. The ratio for the pay of the Vice-Chancellor compared to medians using this calculation is 6.3 for basic pay and 6.4 for total pay.
- 4.4 In addition to the above the Committee also considered the June 2017 circular from Hefce, the Good Pay Guide, further information on pay ratios and the CUC Remuneration Code.
- 4.5 As a consequence of the CUC Remuneration Code the Committee were required to agree a policy on income derived from external activities. Whilst further work on this is planned it was agreed that Senior post holders would be subject to the same conditions as other staff but that ultimately it would be subject to the discretion of the Remuneration Committee. It was noted that the university encourages senior staff to take an active role in participation in outside organisations whose activities are likely to complement or enhance those of the University. All decisions will take account of the University Consultancy policy and the University Financial Regulations.
- 4.6 The Committee received reports on the performance of the holders of Senior Posts against their objectives.
- 4.7 The Committee's discussions covered inter alia:
- The important governance role of the committee in reaching remuneration decisions.
 - Alignment between the remuneration packages of holders of Senior Posts with the performance of both the individuals and the university and in particular that performance related pay should only reward exceptional performance.

- How the Committee would be able to demonstrate that their decisions represented value for money
- The potential for other roles outside the sector to also be used as benchmarks.

5. RECOMMENDATION

- 5.1 The Board of Governors is invited to note this report, approve the revised Terms of Reference and endorse the Committee's principles that govern their approach to remuneration.

Terms of Reference
Bath Spa University Remuneration Committee

1. Purpose

1.1 The Remuneration Committee is responsible to the Board of Governors for:

- Determining the grading, pay, and terms and conditions of service for Senior Post Holders¹ including, if necessary, severance arrangements;
- Reviewing the University's framework for the pay and conditions of service for all other staff and making recommendations to the Board of Governors where appropriate;
- Other related matters as may be delegated by the Board of Governors.

2. Membership

2.1 The Committee shall be a standing committee of the Board of Governors.

2.2 The Committee shall consist of up to five independent members of the Board of Governors and one of whom shall act as Chair of the Committee. In addition, an independent specialist in the field of remuneration may be co-opted to the Committee as necessary.

2.3 Membership shall usually include the Chair or the Deputy Chair of the Board of Governors, or both.

2.4 The Chair of the Board of Governors may not be the Chair of the Committee.

2.5 The Vice-Chancellor may not be a member of the Committee. The Vice-Chancellor may attend its meetings by invitation but must not be present nor involved in any discussion regarding their own remuneration or terms of employment.

3. Quorum

¹ Senior Post Holders include the Vice-Chancellor, the Deputy Vice-Chancellor, the Chief Operating Officer, the Secretary to the Board of Governors and other senior posts as determined by the Board of Governors.

3.1 The quorum necessary for the transaction of business shall be three, including the Chair of the Committee.

4. Frequency and attendance at meetings

4.1 The Committee shall usually meet twice per year and at such other times as the Chair of the Committee shall require.

4.2 The University Secretary shall be the Secretary of the Committee.

4.3 In attendance at the Committee shall be the Director of Human Resources.

4.4 At the discretion of the Chair of the Committee, other individuals may be invited to observe a meeting of the Committee by prior arrangement.

5. Other matters

5.1 The Secretary shall withdraw from any meeting or part thereof where their position is under discussion.

5.1 The Committee shall be authorised by the Board of Governors to obtain, at the University's expense, outside legal or other professional advice on any matters within its terms of reference.

September 2018