

HARPER ADAMS UNIVERSITY
Remuneration Committee

Annual Report to the Governing Body

PURPOSE:

This report is the Annual Report of the Remuneration Committee, which, after approve by the Board, will be published on the University's web pages at the same time that the Annual Report and Financial Statements are published. Members are reminded that the format, headings and content of the report reflect the guidance set out in the CUC HE Senior Staff Remuneration Code which has been adopted by the Board.

ACTION:

The Board is asked to **APPROVE** the Annual Report for publication as noted above, **CONSIDER** its comments on effectiveness of the Committee and **AGREE** the highlighted sections at the end of the report. *DECISIONS REQUIRED.*

Introduction

The Board of Governors has established a Remuneration Committee which acts on behalf of the Board to review the remuneration of senior staff on an annual basis. The senior post holders at Harper Adams University are the Vice-Chancellor, the Deputy Vice-Chancellor, the Director of Finance, the Director of Learning and Teaching, the University Secretary, the Academic Registrar and Director of Student Services, and the Director of Marketing and Communications. The Committee's terms of reference also include recommending alterations to terms and conditions of service for senior staff and advising on remuneration packages for all new members of senior staff.

The Committee also has a role to consider any severance payments for senior staff and shall advise any Special Committee set up for this purpose by the Board. The Committee has mapped its procedures against the CUC Illustrative Practice Note for Remuneration Committees and the CUC HE Remuneration Code to ensure that its work meets best practice guidance. Further details about the work of the Committee can be found in the terms of reference which are published at <https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm>.

The Board of Governors is responsible for determining the membership of the Committee. The members of the Committee are all independent members of the Board as follows: The Chair of the Board of Governors (who acts as Chair unless the Committee is considering the Vice-Chancellor's remuneration, in which case the Vice Chair of the Board who is the Chair of Finance and General Purposes Committee shall take the Chair for that item); the Vice-Chair who Chairs Finance and General Purposes Committee and a third independent member of the Board who is not a member of the Staffing Committee. All independent members have prior experience of setting senior staff pay in their current or previous roles outside the University. The Secretary to the Committee is the Head of Human Resources. The Committee may co-opt an external independent expert on senior staff remuneration or seek written advice from such an expert as required to inform its deliberations.

The Committee normally meets once per academic year in May or June. Confidential minutes of the meetings can be found in the Governor's document Library on the University's portal. The minutes record attendance by members at each meeting. Members are routinely reminded that data protection obligations are in place and all members of the Board must ensure that they do not breach the law with regard to sharing personal sensitive data with anyone who is not a member of the Board of Governors.

The Committee provides the Board with a written Report on its decisions. The format of this Report was updated in 2018 to reflect the CUC HE Remuneration Code.

An Annual Statement on the work of Remuneration Committee is also published as part of the University's Annual Report and Financial Statements, which is subject to approval by the Board at its

November meeting each year. The Statement is also subject to the OfS Accounts Direction requirements as published for each year end:

The Annual Statement ¹ information included in the Annual Report and Financial Statements covers:

- a) a list of post holders within the remit of Remuneration Committee
- b) its policy on the remuneration of post holders within the remit of Remuneration Committee (including the context for remuneration decisions)
- c) its choice of comparator institutions/organisations
- d) its policy on income derived from external activities
- e) the pay multiple of the HOI (Head of Institution) and the median earnings of the whole institution's workforce, illustrating how that multiple has changed over time, and , if it is significantly above average, an explanation of why
- d) an explanation of any significant changes

The Remuneration Policy Statement published at <https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm> includes further information on the background information referred to above.

Where OfS, as stated in the Annual Accounts Direction, require further information to be included in addition to the above elements, this information will also be included in the Annual Statement.

Approach to Remuneration

In making decisions about the remuneration of senior staff on appointment and during their employment at the University, the Board has taken into account the need to recruit, retain and reward the best possible staff to deliver the strategic objectives of the University. Any decision to review remuneration above the national pay award is subject to evidence of exceptional performance as set out below:

The approach taken by the Committee is that the relevant staff are asked to complete a statement on their performance in order to be considered for any of the possible discretionary performance payments set out below. The self-assessment provides information to the Committee about the perceived contribution of the individual to the performance of the institution. It is for the Committee to determine whether the case is justified, and, if a performance payment is to be made, the category that will apply. The statements do not, therefore, contain a request for a particular performance payment band. Submissions are based on exceptional performance in the role, and should justify why these elements are exceptional, either in terms of their success or major increases in responsibilities during the previous year. Workload alone is not be a sufficient criterion for a performance payment. Each case is based on the submitted paperwork, and personal representations to the Committee are not be permitted.

Four performance payment bands have been set and agreed by the Board of Governors, from A (highest) to D (lowest). Each band represents an amount to be awarded under the performance banding system in addition to the national salary award, but based on the salary level before the application of the national award. It should be noted that in exceptional circumstances, the Remuneration Committee may, at its discretion, determine that an award other than the indicated percentage bands should be recommended to the Board. In cases which fall outside a payment under bands A-D, independent members of the Board shall be asked to consider the recommendation. The four categories are as follows:

- A Discretionary performance payment of 3% of salary (equivalent to an increment or discretionary point on the national salary scale)
- B Discretionary performance payment of 2% of salary

¹ NB the Rem Code also states that for senior post holders there must be an institutional level justification for remuneration that relates to the competitive environment, the value of roles and institutional performance. The remuneration of the HOI must be separately justified, published and related to the remuneration of all staff within the organisation- please see Annual Report and Financial Statements published on the University's web site.

- C Discretionary performance payment of 1% of salary
- D No discretionary payment (national salary award only)

A submission under category D (a single sentence indicating this and a signature) will be required if applicants do not wish to apply for a discretionary performance payment. This will ensure that all applicants have been given the chance to submit a case for a payment and that the University has a record of their decision. There is no contractual right to an increase in salary or to a performance payment.

The basic national salary award will be consolidated in the applicant's annual salary. The Committee will, however, determine in the case of discretionary performance payments:

- i) Whether a performance payment should be permanently applied to the applicant's salary (Permanent Award)
- ii) Whether a performance payment should be made as a one-off performance award in which case payment can be made as a lump-sum if requested by the applicant. Such circumstances might include, for example, temporary responsibilities that have been undertaken at an exceptional level of performance but are not expected to be part of the longer-term responsibilities of the post
- iii) Whether a performance payment paid in the previous year should be consolidated in the applicant's salary for the current application period (Consolidated performance award)

The usual approach of the Committee has been to take into account the known or likely national salary (cost of living) award and to then consider whether any discretionary increase above this figure is justified, using feedback from the annual Governors' Senior Staff Review, feedback/comments made by independent members as a reserved business item normally considered annually at the Spring meeting of the Board; comparative data as well as all the other sources of information listed in paragraph 1 above; and evidence of the individual's performance against agreed objectives. An assessment of performance is also drawn from the written submissions, the Vice-Chancellor's report, and the individual annual interviews held with each member of the senior team by the Chair and Vice-Chair of the Board and the Vice-Chancellor where the following matters are reviewed: objectives set for the previous year and a brief note on progress to date; agreed staff development activities and progress made to date; objectives set for the current year and progress made to date.

Senior Staff are required in their submission to the Committee to provide evidence of their work in the following four areas

- i) Contribution to University internal performance with respect to the University's strategic objectives including those set out in the Corporate Planning Statement (which supports delivery of the Strategic Plan) as well as individual objectives for the year
- ii) Contribution to external recognition of the University
- iii) Major management issues addressed in previous year
- iv) Major income generation/cost savings in previous year
- v) Progress towards established review targets

The established review targets also reflect objectives set by the Chair of the Board for the Vice-Chancellor, and by the Vice-Chancellor for other senior staff. The progress made towards meeting the targets is discussed at the annual Senior Staff Review meetings. These are held prior to any meeting of Remuneration Committee meeting to consider submissions made by senior staff. Targets typically cover: performance in support of the University's strategic objectives in areas such as teaching excellence, research excellence, leadership, service enhancement and delivery; income generation; performance improvements in areas managed by the senior staff member; management of partnerships and external relationships; external policy work; capital projects and major strategic initiatives; contributions to sustainability and efficiency objectives and KPIs.

The Committee draws upon comparative data to inform its work, including UCEA data, data for the Times Higher publication on Vice-Chancellor's remuneration and UCEA data published about the HE sector. It also considers the University's Gender Pay Gap Report to inform discussion at the meeting

and Pay Multiples illustrating the Vice-Chancellor's salary as a ratio of all staff pay and as a ratio of academic staff pay. The pay multiple data is provided by UCEA and includes comparative information on how the ratios for Harper Adams compare to those of the HE sector and how they compare to institutional income.

As recommended by the CUC HE Senior Staff Remuneration Code, the Remuneration Policy Statement for Senior Staff also contains information on job evaluation schemes pay awards and pension schemes that are applicable to the rest of the workforce. It also provides information on the University's Staff Bonus Scheme for all staff (except senior postholders); and the approach used by the Committee in benchmarking positions offered within comparator institutions.

At its meeting on 11 June 2020, the Remuneration Committee noted that all members of the Senior Management Team had asked that no consideration be given to any uplift to their remuneration over and above any national pay award that might be implemented during 2020/21. This request was accepted by the Committee and no discretionary performance payments were made with effect from 1 August 2020, and no uplift would be made with respect to any national pay award that might be agreed unless the University's financial situation were to change significantly.

The Committee agreed in 2017/18, 2018/19 and 2019/20 that a payment would be made to the Vice-Chancellor in line of employer's pension contributions in line with the Policy. Details can be found in the Annual Report and Financial Statements. The decision for 2020/21 was that the payment should continue at the same level as that agreed for 2019/20.

In accordance with the CUC HE Senior Staff Remuneration Code, the University has utilised pay multiple data provided by UCEA as set out below. (NB the pay multiple values published in the Annual Report and Financial Statements are calculated in accordance with the OfS requirements for pay multiples as set out in the OfS Accounts Direction each year).

The pay multiple value of the Vice-Chancellor's remuneration are set out below:

Year	UCEA/CUC methodology (ratio compared to the median all staff)	UCEA/CUC methodology (ratio compared to the median all academic staff))	UCEA/CUC methodology (ratio of UK median VC pay compared to UK median for academic staff)	OfS methodology for VC Pay Multiple required for the Annual Report and Financial Statements (basic pay)	OfS methodology for VC Pay Multiple required for the Annual Report and Financial Statements (total remuneration)
2015/16	5.63	3.1	5.6	n/a	n/a
2016/17	5.33	3.1	5.7	n/a	n/a
2017/18	6.51	3.8	5.9	5.96	5.95
2018/19	6.48	3.8	5.6	5.79	5.47

UCEA confirm under the UCEA/CUC methodology, the following data for comparison:

- 2018/19 VCs to median employee total pay ratio UK figure is 1 to 6.7
- 2018/19 VCs to median academic total pay ratio UK figure is 1 to 5.6

The Committee considered the range set in 2019 of 5.5-7.0 and agreed that this range remained appropriate.

Institutional Performance

The Remuneration Policy Statement includes details of the University's Bonus Scheme for all staff other than staff designated as senior staff roles.

The University does not have a staff bonus scheme that measures individual performance. The KPIs for the Staff Bonus Scheme are set out in the Staff Handbooks, available on the University's web site.

The Board considers whether or not the Staff Bonus criteria have been met on an annual basis.

The Board approves and the University publishes an Institutional Monitoring Statement setting out a summary of progress made against key objectives. The IMS is available at:

Table of Total remuneration for the Vice-Chancellor with year-on-year comparator data is set out below in accordance with the 2019/20 Annual Report and Financial Statements and previous disclosures.

<https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm>.

Vice-Chancellor's Remuneration

Emoluments of the VC	2019/20	2018-19	2017-18
Salary	£195,707	£192,000	£188,000
Performance Related pay	n/a	n/a	3% (included above)
Benefits	£6,000 (medical insurance)	£6,000 (medical insurance)	£5,000 (medical insurance)
Accommodation	£4,000	£4,000	£5,000
Subtotal	£205,707	£202,000	£198,500
Pension costs (employer contributions)	NIL	Nil	£9,000 (part year)
Pay in Lieu of Employer's Pension Costs	tbc	£18,000	£11,000 (Part year)
Total	tbc	£220,000	£218,000

Note: the OfS Accounts Direction changed the way from 2018 that Vice-Chancellor's pay and benefits are to be presented. Non-taxable benefits are also be included for example. For full details of the Vice-Chancellors pay please see the Annual Report and Financial Statements published at <https://www.harper-adams.ac.uk/general/governance/facts-and-figures.cfm>

The University's policy on senior staff undertaking paid work for other organisations and the University's expenses policy

Senior Staff are subject to a service agreement with the University which stipulates that they may not undertake any other paid work without the approval of the Vice-Chancellor and/or the Board in the case of the Vice-Chancellor/University Secretary as Clerk to the Board. In the limited occasions where Senior Staff undertake paid work for other organisations, this is reported (including the amount received) to the Remuneration Committee together with confirmation of whether the payment has been made directly to the individual or to the University as part of a secondment agreement or similar. Such work is only authorised if it is of benefit to the University e.g. acting as Editor of a learned journal. In practice, such external work is usually undertaken outside the normal working day and the normal duties of the member of senior staff have to be fully completed in addition to the external work.

The Vice-Chancellor did not undertake any other paid work for external bodies in the last year.

The Remuneration Policy Statement contains further information on arrangements for senior staff to retain income from external bodies. The University's expenses policy applies equally to all and is published in the Financial Regulations at:

<https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm>

The Finance Department provides details to the Remuneration Committee of the expenses claimed by each member of senior staff.

The Vice-Chancellor's expenses are published annually in the University's publication scheme at <https://www.harper-adams.ac.uk/general/governance/publication-scheme.cfm>

The total expenses claimed by all senior staff in 2018/19 (the last complete financial year for which data is available) was £16,203.63.

Effectiveness of Remuneration Committee:

The Board is invited each year to comment on its view of the effectiveness of the Remuneration Committee. The Board completed its review at its July 2020 meeting and concluded that the Committee's work continued to be effective.

The Committee also conducted a review of its effectiveness as part of its meeting held in June 2020 and concluded that the Committee continued to work effectively. It was subsequently agreed by the Chairman that the formal questionnaire used in 2019 as part of the Board's four yearly Effectiveness Review would also be circulated for members to complete after the meeting to provide a further opportunity for reflection and suggestion of any further ideas for enhancement of the Committee's work. Feedback from the questionnaires confirmed that members continue to agree that the Committee's processes and procedures work effectively and efficiently. Members asked to receive in future, a summary report on declarations made by senior staff with respect to any other earnings, and that the Head of HR retains the original signed declarations rather than circulating these to the Committee. Members also asked that options for replacing the former Times Higher information on VC Salaries across all HEIs be explored. The Board noted at its July 2020 meeting that data on Vice-Chancellor's salaries was available from HESA and OfS and agreed that this would be added to the other benchmarking data already considered and that the Remuneration Policy would be updated to reflect the consideration of this additional data from 2021 onwards.

Mrs E Kelsall
Interim Head of Human Resources
June 2020