

HARPER ADAMS UNIVERSITY

Remuneration Committee

Minutes of a Meeting of the Remuneration Committee held on 18 June 2018 at 09.00 in the Haydock Room

Present: Mr M Lewis Chairman (except for 17/09)
Mr S Vickers (Chair for 17/09)
Mr M Thomas

In attendance: Miss D Crowther (Secretary)
Dr C E Baxter (by invitation for 17/05;17/06,17/07 & 17/11 only)
Dr D G Llewellyn (by invitation for 17/08 only)

Members were reminded to update their entry in the register of interests as appropriate

17/05 Terms of Reference

Noted: the terms of reference approved by the Board of Governors on 26 April 2018, following the Committee's request that the terms of reference be updated in light of the draft CUC Remuneration Code. Members were advised that the terms of reference had also been reviewed by the University Secretary against the final Higher Education Senior Staff Remuneration Code published by CUC on 6 June 2018. No further changes were proposed

Agreed: that the terms of reference approved by the Board in April 2018 remained appropriate, and members had no further changes they wished to discuss in light of their reading of the HE Senior Staff Remuneration Code.

17/06 Minutes

Approved: the minutes of the meeting of the Remuneration Committee held on 15 June 2016 (16/01/16/06) and the minutes of the meeting held on 18 January 2018 (17/01-17/04)

Noted:

- i) that the HE Senior Staff Remuneration Code suggested in the template for reporting to the Board that all members of the Board should have access to the minutes of Remuneration Committee through an embedded link. While the template was not formally a part of the code, it was important to consider this suggestion. In the case of senior staff at Harper Adams, following advice from the Data Commissioner's office on senior staff pay disclosures that had been issued in the past few years, all senior staff had been asked if they were content for the University to publish personal data in the form of their pay and data about their individual performance where publication of such information was not a requirement of funding or a statutory requirement. Senior staff had confirmed that they did not wish their personal data to be published unless this was required by a funding body or a statutory requirement. It followed that when Remuneration Committee minutes had been requested under FOI, personal data had been redacted on the grounds of personal data/data protection;
- ii) that the requirement to publish data on the remuneration of Heads of Institutions was set out in the HE Senior Staff Remuneration Code and would be further clarified in the OfS Accounts Direction which

was due for publication for the year ended July 2018 in the next few weeks. Details of disclosures in the Annual Report and Financial Statements for 2017/18 about any other senior staff pay would also be confirmed in the OfS Accounts Direction. The University had previously fully met the requirements of the HEFCE Accounts Direction each year to date;

- iv) that there was a need to consider providing all members of the Board with sufficient information about the work of the Remuneration Committee including staff and student Governors, while avoiding any possible conflicts of interest and protecting confidentiality. It was noted that the Reports provided to the Board since the revised CUC HE Governance Code had been published, together with the Illustrative Practice Note on Remuneration Committees had ensured that full details of the setting of the pay of the Vice-Chancellor had been provided. The Committee's report to the Board has also set out summarised information on the decisions made about other senior staff in terms of how many had been awarded a performance award. This was in line with the process agreed by the Board, and delegated to the Committee, to make decisions within specified parameters on the levels of such awards, and their total cost;
- v) that following approval of the Remuneration Committee's report each year all letters to be sent to senior staff (apart from the Vice-Chancellor) would be signed by the Chair, while the Vice-Chair would sign any letters related to decisions made by the Committee about the Vice-Chancellor's remuneration; **DC/MJL/SV**
- vi) that in discussion, members felt that it was important to respect senior staff data unless publication was required by OfS or any other statutory body;

Agreed:

to recommend to the Board that:

- i) the minutes of the Remuneration Committee should record details of the decision making in relation to the Vice-Chancellor's performance and justification of the Committee's (and/or the Board's) remuneration decision making about the Vice-Chancellor's remuneration would need to be published in due course;
- ii) that details of the decisions reached about the performance of other senior staff would be set out in a separate confidential annex while a summary of decisions would be contained in the minutes for publication to all members of the Board and for general publication on the University's web pages;
- iii) that should the OfS Accounts Direction require further disclosure or justification of all senior staff pay, the matter would be reviewed again by the Committee over the summer period (*post meeting note: the OfS Accounts Direction published on 19 June 2018 required publication of the number of senior staff receiving remuneration above £100,000 per annum but did not require a justification of the remuneration based on performance for any senior staff other than for the Vice-Chancellor. The OfS may have further requirements for 2018/19 with regard to disclosures around senior staff pay*) **MJL**

17/07 **Matters Arising**

- Received:
- i) a matters arising report from the Head of Human Resources;
 - ii) a mapping document showing progress with the University's plan for actions to address the draft Remuneration Code as agreed by the Board in April 2018, together with a further mapping of how the final HE Senior Staff Remuneration Code published on 6 June 2018 was being addressed and a proposed draft Remuneration Policy Statement that sought to clarify how the University meets the principles set out in the Code when it sets senior staff remuneration;
 - iii) a copy of the HE Senior Staff Remuneration Code published by the CUC on 6 June 2018, together with comments published by the OfS on the latter and other CUC documents that were published at the same time as the Code explaining its purpose and development;
 - iv) a copy of the memorandum sent to senior staff setting out the procedure for senior staff reviews in 2017/18 following the Board's approval of the revised process in light of the draft Remuneration Code published in January 2018, together with a proposal that the Committee might ask the Chair to agree any further changes to the process for 2018/19 in light of the HE Senior Staff Remuneration Code published on 6 June 2018;

- Noted:
- i) that all of the agreed actions arising from the meetings in June 2017 and January 2018 had been completed. In particular, the Board had agreed changes to the terms of reference for the committee as noted above and had also agreed the changes to the process for considering senior staff pay recommended by the Committee following its review of the draft CUC Remuneration Code in January 2018;
 - ii) that, as suggested in the draft Remuneration Code and agreed by the Board, the Chair and the Head of Human Resources had considered options for securing external independent expertise on a consultancy basis to support the work of the Committee. Discussions with other HEIs had revealed that they were not intending to appoint an external adviser and that feedback on the draft code from a number of HEIs had been that the expertise of Board members supported by professional advice from an HR professional was usually adequate, and to suggest that external expertise might always be needed was not felt to provide value for money. Furthermore, UCEA had confirmed that there was a very limited pool of professional advisers with experience of senior staff pay in HEIs. Within the sector, independent experts had fed into the consultation on the draft Code and to lead training and development sessions for HR professionals supporting Remuneration Committees. Miss Crowther had attended two such workshops in spring 2018;
 - iii) that Miss Crowther had taken the opportunity to meet one of the key experts at the spring workshops. He had provided a scale of charges for a range of advice that he could offer, costing between £2K and £6K plus VAT.

In discussion, members noted that the Committee was not finding that it lacked sufficient expertise to make its decisions currently and

that while the suggestion of training might be worth considering, this might be kept under review rather than arranged immediately. In particular, members noted that the Internal Auditors would be reviewing the University's compliance with the HE Senior Staff Remuneration Code during October 2018 and as part of their work wished to interview members of the Committee. Members were content to be involved in the audit and suggested that should RSM identify any training needs for members, or the need for the Committee to draw on external independent advice, this could be addressed in light of internal auditors' comments. RSM would be asked for precise dates for their discussions with members as soon as possible;

DC/MJL

- iv) that the HE Senior Staff Remuneration Code was a more succinct, principles based, document when compared to the more detailed draft Remuneration Code. It was understood that this reflected the CUC's wish to recognise that there was diversity in the HE sector and that the consultation had led to a decision that a principles based Code was more appropriate and would allow HEIs to meet the same outcomes/demonstrate how they met the Code's principles in ways that best fitted their governance processes.
 - v) that the suggested limitation for a term of office for the Chair of Remuneration Committee included in the draft code which appeared to conflict with the HE Code of Governance guidance on a chair of a governing body's term of office had now been removed. The possible template for a remuneration committee's report to the governing body was also no longer part of the HE Senior Staff Remuneration Code If, but was included as a separate document for guidance only. Details of information to be published on University web pages on senior staff remuneration (in addition to any requirements that may be set out in the OfS Accounts Direction) were also included in the final Code published on 6 June 2018. Members commented that they welcomed the Code and felt that its contents were appropriate and should be followed fully;
 - vi) that the University Secretary had used the proposed template to draft an outline report for the Committee to consider. The draft report template only addressed the generic information about the work of the Committee as suggested by the CUC and did not include any suggestions about the decisions it might wish to make. The decisions sections would need to be drafted by the Committee during the rest of its meeting when no senior staff were present;
- Rem Cmtee**
- vii) that an informal discussion with UCEA had indicated that the University's pay multiple for the Vice-Chancellor's pay, as calculated by UCEA, was below the England HEI sector average:5.63 in 2015/16 and 5.33 in 2016/17. The Code required HEIs to use UCEA data which had been provided for members as part of the comparative data set included later on the agenda;
 - viii) that members also noted that there was a need to set out a range for the pay multiple for the ratio of the Vice-Chancellor's pay and the median of the total pay of all staff. In discussion, members noted that the updated UCEA note (published 6 June 2018) confirms that the 2016/17 sector average pay multiple for the pay of the head of institution (excluding employer pension contributions, or any allowance in lieu of employer contributions, severance payments or

any other benefits, including those in kind) compared to the total median pay of all staff based on FTE, but excluding employer pension contributions and any other benefits was 6.8. The CUC Chair advised in his letter of June 2018 that the average sector pay multiple was currently 6.4 and the highest quintile was 8.0;

ix) that data provided later on the agenda in accordance with both the draft and final CUC remuneration codes also included a schedule of expenses claimed by all senior staff provided by the Finance Office for the year 2016/17 as that was the last complete year for which this data was available;

x) that members were content to draw on the areas highlighted in the Code when considering the contribution and performance of senior staff to the delivery of strategic imperatives. Members were also content that these areas had been captured in the draft Remuneration Policy Statement. The Chair was also keen to draw on the areas set out in section 33 of the draft code as a useful aide memoire for the annual discussion with independent members about the performance of the senior staff team and as previously agreed in April 2018, would brief all members of the Board on the Vice-Chancellor's objectives annually in July following discussion with independent members each April; **MJL**

- Agreed:
- i) to recommend to the Board that the HE Senior Staff Remuneration Code be adopted in full; **MJL**
 - ii) to recommend to the Board the draft Remuneration Policy Statement, and that, subject to Board approval, this would be shared with all senior staff, together with the Annual Report of the Remuneration Committee that would be published, so that staff are aware of these documents prior to publication. A copy of the published HE Senior Staff Remuneration Code would also be provided for information; **MJL/DC**
 - iii) to recommend to the Board that the pay multiple range for the Vice-Chancellor's pay calculated using the UCEA methodology set out in UCEA's publication of June 2018 should be in the range 5.0-6.5 and that this range should be kept under review in relation to the overall spread of pay multiples in the HE sector as they may change over time. Any proposed future changes to the range would be recommended to the Board for its consideration; **MJL**
 - iv) that the Committee would meet in January 2019 to review the outcomes of the internal audit of its work, to address the Code and to review any changes to documentation required for the 2019 Senior Staff Review process, so that any further changes could be reported to the Board in April 2019 for its approval. It would also take into consideration any further guidance or best practice that had emerged from sector bodies or the work of other HEIs to address the HE Senior Staff Remuneration Code; **DC/CEB**

The University Secretary left the meeting at this point.

17/08 Annual Review of Senior Staff (members of the Vice-Chancellor's team)

The Vice-Chancellor was invited to join the Committee for this item

- Received:
- i) a report from the Vice-Chancellor summarising the outcomes of the 2017/18 Senior Staff Reviews
 - ii) a report from the Chairman on any comments made about the performance of Senior Staff by independent members at the April Board meeting as part of the Annual Review process for senior staff in 2017/18

- Noted:
- i) that senior staff had been asked to complete a brief statement to set out a performance-based case for a discretionary salary award. A member had asked that no consideration be given to changing their salary in light of the likely national pay award. These papers had been circulated to the Committee;
 - ii) that the Committee also had available the results of the annual reviews of Senior staff (University Secretary, Deputy Vice-Chancellor, Director of Learning and Teaching and International Policy, Academic Registrar and Director of Academic Services, the Director of Finance and the Director of Marketing and Communications) as well as comparative data from the Universities and Colleges Employers Association (UCEA) survey of the remuneration of middle and senior managers;
 - iii) that the Vice-Chancellor had provided a report on his work to set and monitor progress with objectives for senior staff and the outcomes of the annual review process. Key matters covered in objectives and senior staff performance reviews included student recruitment, the overall performance of the University, the Joint Vet School Project and the need to address a very rapidly changing HE landscape in terms of regulation, research and knowledge exchange. Conflicting demands on limited IT resources were also being addressed through plans to strengthen the team. The contributions of senior team members had been explored as part of the senior staff review process, with an opportunity for each member to highlight where they felt their performance had been particularly noteworthy and areas that they recognised needed further work;
 - iv) that the Chairman noted the positive meetings with all Senior Staff during the Senior Staff Review process. He noted that discussion had focused on student numbers and other key strategic issues during the Review meetings. All of the senior team were aware of the issues and the need to focus on the key strategic topics, particularly student recruitment and retention. While there were one or two areas for further work, overall satisfaction with the performance of the team was confirmed by the Chair and Vice-Chair;
 - v) that feedback from independent members had been positive;
 - vi) that the Remuneration Committee's role was to determine, using the framework agreed by the Board, whether or not discretionary awards were to be made to senior staff, in addition to any national pay award that may be made in due course with effect from 1 August 2018;
 - vii) that the Committee's work was guided by its terms of reference, benchmarking data and by the agreed procedures for considering the

performance of senior staff. If it was minded to make an award to an individual to recognise strong performance, the Committee was able to consider consolidation of a non-consolidated award made in a previous year, a one off non-consolidated award, or a consolidated permanent uplift of salary;

The Vice-Chancellor left the meeting at this point.

17/09 **Annual Review of the Vice-Chancellor** (*the Vice-Chairman, Mr Vickers took the Chair during this item*)

To receive: a report from the Chairman summarising the outcomes of the Vice-Chancellor's Senior Staff Review 2017/18 any comments made about the performance of the Vice-Chancellor by independent members at the April Board meeting as part of the Annual Review process for senior staff in 2017/18

Noted:

- i) that the Vice-Chancellor had set out a statement on his performance which had been discussed with the Chair and Vice-Chair of the Board. He had asked that no consideration be given to a performance award in 2018. The Chair reported on his assessment that the Vice-Chancellor's performance remained very strong, and that his personal efforts and contribution remained excellent. Members had advised that this was also their view;
- ii) that in common with many senior staff who were members of LGPS pension schemes or similar schemes, issues had arisen with regard to Life Time Allowance and Annual Allowance matters. Members were aware that other HEIs had arranged payment in lieu of employer's contributions in such cases as an appropriate way to try to ensure fairness around the total remuneration package;
- iii) that the committee had also been provided with comparative data including data from the Universities and Colleges Employers Association (UCEA) survey of the remuneration of middle and senior managers and the published Times Higher table of Vice-Chancellor's pay; the gender pay gap and pay multiple data;
- iv) that the Remuneration Committee's role was to determine, using the framework agreed by the Board, whether or not discretionary awards were to be made to senior staff, in addition to any national pay award that may be made in due course with effect from 1 August 2018;
- vii) that the Committee's work to review the Vice-Chancellor's remuneration was also guided by the its terms of reference, and the processes, procedures and benchmarking data noted above for the pay of other senior staff.

17/10 **Remuneration of Senior Staff**

Received: i) an oral report from the Head of Human Resources on the budget for performance related salary increases

- ii) a schedule of the current remuneration and benefits of each of the University's senior staff
- iii) information from the 2017 UCEA Survey of the Remuneration of Senior Staff
- iv) Information on expenses claimed by senior staff provided by the Finance Office
- v) Data on pay multiples for the Vice-Chancellor's pay
- vi) a copy of the University's Gender Pay Gap Report published in 2018
- vii) The Times Higher Education publication on the remuneration of Vice-Chancellors and Principals in 2017 (latest available Times Higher Education data).
- viii) Submissions from the University's senior staff

Noted:

- i) that the anticipated national pay award for senior staff was 2% although this had yet to be agreed at national level. The Finance team had assumed a maximum contingency of £15K for performance awards;
- ii) that there were no issues arising from the expenses information or from two declarations of income received by two senior staff for external work undertaken with the agreement of the University where this work would also benefit the University. The work was being done mainly in the staff members' own time and where normal working days were involved, the staff member was making up the time, meeting all their objectives and all other day to day responsibilities. It was noted that the Vice-Chancellor had not undertaken any external paid work;

Agreed:

after detailed discussion, that the following remuneration changes, summarised below (all of which fall within the determination limits for the Committee set by the Board), should be put in place with effect from 1 August 2018, subject to members of the senior team confirming that with respect to pension contributions, staff were content that they would not be disadvantaged by the proposals:

- a) to award one performance award of 3% (A) and one performance award of 2% (B) on the basis of exceptional performance and the need to retain very specific key skills and expertise. Both staff would also receive the national pay award. All other senior staff were performing at a good level and were confirmed as category D (national pay award)
- b) to seek further advice on how the Remuneration Committee could make a payment to senior staff in lieu of employer's pension contributions that was in line with practice at other HEIs where senior staff were affected by LTA and AA such that they had left the pension scheme and no contributions were being paid by their employer

17/11 Draft Template for the Report of the Remuneration Committee 2018

The University Secretary was invited to be present for this item

- Received: a draft template which it was proposed would form the Report of the Remuneration Committee to the Board of Governors, once final decisions made by the Committee were included.
- Noted:
- i) that, subject to the OFS Accounts Direction and the Board's approval, the CUC HE Senior Staff Remuneration Code confirmed that an Annual Statement on Senior Staff Remuneration based on the Report must be published on the University's web pages;
 - ii) that members were content with the draft Remuneration Policy Statement with respect to external work and consideration of expenses, as noted earlier in the meeting;
 - iii) that it would be helpful to check the Senior Staff Review Procedure document against the HE Senior Staff Remuneration Code as agreed earlier in the meeting; **CEB**
 - iv) that members felt that the Senior Staff Review process involving both the Chair and Vice-Chair and an opportunity for all independent members to feed in their comments to the Chair was a strength of the arrangements at the University;
 - vi) that members were content to adopt the CUC proposed template for the annual report from the Remuneration Committee to the Board, and to retain, as an annex, the form of report that had been provided to the Board in recent years as it provided further information on decision making that supplemented the CUC template. Members also noted that the CUC template for the briefer public report required an explanation of any significant changes compared to decision making, data, policy or similar published for the previous year;
 - vii) that the Code suggested publishing up to five years pay multiple data. At the current time UCEA had provided data for two years;
- Agreed: to present the Committee's report to the Board using the CUC template, including two years of pay multiple data as provided by UCEA (and a note to confirm that five years of UCEA data would be published once available) and to recommend that the public report be drawn up using the CUC guidance for published reports **MJL**

Date of Next Meeting

- Noted: that a further meeting of the Committee would be arranged for 17 January 2019 and thereafter the Committee would meet on 13 June 2019.