

## Remuneration Committee - Senior Staff Salary Reviews

1. The Remuneration Committee bases its work to determine Senior Staff pay<sup>1</sup> on the annual reviews of staff, together with comparative data. The Committee will also consider the following information:
  - Details of expenses claimed by each member of Senior Staff during the previous financial year provided by the Finance Office
  - A written declaration provided by each Senior Staff Member on whether or not they have received any payments during the year (or are due to receive payments by 31 July the following year) for undertaking external roles approved by the Board such as external examining, editing a journal etc. The details of all payments and whether these payments were received personally or paid into a project account held by the University and used for University related activities are to be provided in each case; (please see proforma attached)
  - The University's Gender Pay Gap report (provided by the Head of HR)
  - Pay Multiple information for Harper Adams University provided by UCEA – including a report on all staff data and one of academic staff data (this information is to be provided to the Committee by the Head of HR)
  - Staff are also required to provide a detailed self-assessment of their performance indicating progress made against agreed objectives.
  
2. The senior staff are the Vice-Chancellor and members of the Vice-Chancellor's team. The Committee will continue to assess the performance of the Vice-Chancellor based on the annual review with the Governors. The Chair will submit a written report on the performance of the Vice-Chancellor to the Remuneration Committee and will hand over the Chair to the Vice Chair (Chair of Finance and general Purposes Committee) or his/her nominee for discussion of the Chair's paper and decision making on the Vice-Chancellor's remuneration. The University Secretary's performance assessment will be based on the annual review with the Vice-Chancellor and, in respect of her duties as Clerk to the Governors, the annual review with the Governors. The approach taken for the other members of the Vice-Chancellor's team is that Vice-Chancellor will remain responsible for their performance, based on the annual review with the Vice-Chancellor, and will relay his judgment on this issue to the Committee in the form of a written report. It should be noted that the Vice-Chancellor is not a member of the Remuneration Committee and is only invited to be in attendance to present his paper on the performance of Senior Staff. He/she is not present for discussion of any other agenda items. The Committee may seek advice from an external independent adviser with specialist knowledge of senior staff remuneration matters. The Secretary to the Committee shall be the Head of HR, and all Committee members shall be independent members of the Board (see terms of reference attached).
  
3. The approach agreed by the Committee is that (as noted above) the relevant staff should be asked to complete a statement on their performance in order to be considered for any of the possible discretionary performance payments set out in this document. The self-assessment will provide information to the Committee about the perceived contribution of the individual to the performance of the institution. It will be for the Committee to determine whether the case

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<sup>1</sup> The Remuneration Committee may also consider pension and non-cash benefits as part of its role in advising on the Remuneration package that may be offered to newly appointed Senior Staff (see terms of reference). Should the Committee wish to propose changes to such contractual arrangements during the employment of a senior member of staff, such changes would be subject to formal approval by the Board. The University's expenses policy for Senior Staff is the same as that for all staff. The policy is published in the University's Financial Regulations.

is justified, and, if a performance payment is to be made, the category that will apply. The statements should not, therefore, contain a request for a particular performance payment band.

4. The usual approach of the Committee has been to take into account the known of 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' 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, drawn from a written submission, the Vice-Chancellor's report, and the individual annual interviews held with each member of the senior team with the Chair and Vice-Chair of the Board and the Vice-Chancellor. The Board is also invited each year to comment on its view of the effectiveness of the Remuneration Committee.

The Committee's work shall be underpinned at all times by the principles set out in the CUC HE Senior Staff Remuneration Code (see Appendix). Senior Staff are also reminded of the University's Policy for setting the Remuneration of Senior Staff (please see section 4 of the Publication Scheme on the University's web site). It has been agreed that the national salary award which this year is expected to be implemented with effect from 1 August should remain the starting point for any discretionary performance payment and should not be part of the consideration of performance banding cases. The national salary award is a budgeted increase and is differentiated from the separate budget provided for performance-related payments.

5. Four performance payment bands have been set, 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 of 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
- 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.

6. The submission must be on no more than 3 sides of A4 (without annexes) and should ideally be shorter. The submission must consist of statements under the following broad headings:
  - i) Contribution to University internal performance

- 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
7. Submissions should be 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 will not be a sufficient criterion for a performance payment. Each case will be based on the submitted paperwork and personal representations to the Committee will not be permitted.
8. 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 (paragraph 5):
- 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*)
9. The decision of the Remuneration Committee in relation to categories A-D above will be final and there will be no right of appeal by members of staff. The Committee is required to submit a detailed report on its work using the template recommended in the CUC HE Senior Staff Remuneration Code (see Appendix) , for the information of all members of the Board where decisions to make awards in categories A-D have been made. The Committee's report shall also be published on the University's web pages (please see Publication Scheme Section 4) in accordance with the Code and shall include a link to the Minutes of the Remuneration Committee as required by the Code. Information on the work of the Committee and its decisions shall also be published in the University's Annual Report and Financial Statements as required by the Code and OfS Accounts Direction.
10. The Remuneration Committee reserves the right to make performance payments or other payments in excess of those in the proposed bands A-D should circumstances dictate. These might be (but will not be limited to) cases where an individual's salary has fallen out of line with sector norms or other senior staff (as measured by other data provided to the Committee) or where the performance under review has been critical to the well-being of the University and deserving of a special award. The Committee will be expected to justify awards of this nature in the minutes of the meeting and in its report to the members of the Board.
11. It is recognised that in cases where an award above the percentages set out in A-D is proposed, the Remuneration Committee makes recommendations to the members of the Board, and it may be that, in exceptional circumstances, those members would not wish to ratify a particular recommendation. In considering issues that relate to the payments to senior staff the Board must be mindful of the potential for conflicts of interest to arise and these should be

considered at the outset of each meeting. The Chair may manage any conflict as he/she considers appropriate. If the Board considers it is not appropriate to follow a recommendation of the Remuneration Committee, it must ensure that it has:

- considered the report of the Remuneration Committee;
- provided an opportunity for the Chair of the Remuneration Committee (and where appropriate, the Vice-Chair of the Board) to explain the recommendations and the information relied upon by the Remuneration Committee in reaching its decision;
- considered any statement made by the Vice Chancellor, where the recommendations relate to members of the senior team;
- clearly set out the exceptional circumstances it relies upon in reaching a decision not to ratify a recommendation.

After all of the above steps have been taken the decision of the Board will be final and there will be no right of appeal.

12. The Vice-Chancellor will provide feedback to applicants on the outcome of their submission for a Performance Payment.
13. The Remuneration Committee will determine the timing and implementation date of salary reviews at its meeting and reserves the right, this year, to delay any award until the outcome of the national salary award is known.

Approved by the Board of Governors 26 November 2015

Updated 24.03.2018 for Approval by the Board of Governors 26 April 2018 in light of draft CUC HE Remuneration Code. FINAL updates included following the publication of the CUC HE Senior Staff Remuneration Code in June 2018 and agreed by Board at its September 2018 meeting.