

Remuneration Committee - Framework for Decision Making

Remuneration Committee

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1. Purpose

- 1.1 This document describes the framework by which the Remuneration Committees make decisions on the remuneration of the Vice-Chancellor, senior postholders, Vice-Chancellor's Group and staff on spot salaries. For composition of these groups see annex 1. The framework is designed to ensure that the reward of the University's most senior staff is fair, equitable and responsive in a highly competitive market.
- 1.2 In developing the Framework, reference has been made to the CUC HE Senior Staff Remuneration Code (November 2021) and the CUC HE Code of Governance (September 2020)

2. Governance

- 2.1 Good governance is essential to decision-making on senior pay. The Higher Education Remuneration Code identifies that:

'Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the context and individuals' performance in them.'

This key element, informed by the requirements of the wider Higher Education Code of Governance, underpins the University's approach to the governance of senior pay.

- 2.2 Element 2.9 and 2.10 (Sustainability) of the Higher Education Code of Governance provides that

'Effective remuneration of all staff, especially the Vice-Chancellor and their immediate team, is an important part of ensuring institutional sustainability, meeting regulatory requirements and protecting institutional reputation. The governing body should provide assurance on the extent of the institution's compliance with The Higher Education Senior Staff Remuneration Code (published June 2018 by the CUC), and in particular ensure that no one is responsible for determining or influencing their own remuneration.'

'Depending on the constitutional documents and regulatory requirements of the institution, some governing bodies will be required to establish a Remuneration

Committee to consider and determine, as a minimum, the emoluments of the Vice-Chancellor and other senior staff.'

Element 1 of The CUC's Higher Education Senior Staff Remuneration Code Nov 2021 states:

'Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to their institution's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.'

2.3 The University operates separate Remuneration Committees for the Vice-Chancellor and for senior postholders, Vice-Chancellor's Group and staff on spot salaries. The terms of reference for the University's Remuneration Committees define the Committees' roles as follows:

a) To advise the Governing Body:

- on the Policy Framework within which remuneration and conditions of service for the Vice-Chancellor and the senior postholders, Vice-Chancellor's Group and staff on spot salaries should be set;
- on the operation of the Remuneration Committees, taking account of relevant sector developments.

b) On behalf of the Governing Body, and within the approved Policy Framework, to be responsible for:

- **determining the appointment of a Vice-Chancellor and senior postholders**, including salary, contract and terms and conditions;
- **determining the annual pay awards of the Vice-Chancellor, senior postholders, Vice-Chancellor's Group and spot salaries**, the latter three groups as proposed by the Vice-Chancellor, with appropriate reference to individual performance and comparative data;
- **determining and reviewing the salaries, benefits and conditions of service of the Vice Chancellor, senior postholders, Vice-Chancellor's Group and spot salaries**, the latter three groups as proposed by the Vice-Chancellor, seeking comparative information within the higher education sector and beyond to inform its decisions;

- **determining and reviewing any severance payments to the Vice-Chancellor and senior postholders, Vice-Chancellor's Group and staff on spot salaries**, ensuring appropriate advice (including legal advice) is obtained where necessary with particular regard for the University's status as a charity.

Remuneration Committee decisions will seek to ensure that senior remuneration is fair, appropriate and justifiable, with particular regard to its responsibility to take account of public interest and the safeguarding of public funds.

3. Principles

3.1. The principles underpinning this Framework are to ensure:

- 3.1.1 a fair, transparent and robust process for decision-making;
- 3.1.2 fair, appropriate and justifiable levels of remuneration;
- 3.1.3 that the process reflects good equality and diversity practice - with a specific focus on internal pay parity where appropriate;
- 3.1.3 the Governing Body sets normal expectations of sustained high impact contribution from its most senior staff;
- 3.1.4 the use of appropriate comparative information on employee remuneration from established independent sources to inform decisions;
- 3.1.5 affordability is a key factor in decision making;
- 3.1.6 recency of pay increases as a factor in decision making;
- 3.1.7 in relation to new appointments, the extent of development required to be fully competent in the role to be taken into account;
- 3.1.6 the public interest and safeguarding of public funds is considered; and
- 3.1.7 a process of review.

4. Remuneration of the Vice-Chancellor

- 4.1 Remuneration Committee (Vice-Chancellor) is responsible for the review and approval of the remuneration and conditions of service of the University's Vice-Chancellor.
- 4.2 In determining the remuneration of the Vice-Chancellor consideration will be given to established independent sources of benchmark reward data for roles in comparable organisations. Sources include the annual UCEA Senior Staff

Remuneration Survey and the Annual Survey of Vice-Chancellor's Remuneration from the Committee of University Chairs (CUC).

- 4.3 The performance of the Vice-Chancellor will be considered as part of his/her annual Performance Development Review completed by the Chair of Governors and based on a discussion of achievement of objectives over the preceding 12 months and contribution to the environment and shape of the University, delivery of the University's strategic vision and the overall performance of the University. In preparation for the Performance Development Review, the Chair of Governors shall take into account the views of members of the Board of Governors. Judgements about the Vice-Chancellor's performance may also be informed by the use of specific performance review tools, as appropriate.
- 4.4 Following these discussions and the PDR meeting the Chair of Governors will present an assessment of performance against objectives together with recommendations to the Remuneration Committee (Vice-Chancellor) for consideration. Formal minutes will provide a written record of the assessment.
- 4.5 Remuneration Committee (Vice-Chancellor) will take cognisance of the Chair's report and the benchmark reward data when making a decision on salary level and annual pay award.
- 5. Remuneration of the University's senior postholders, Vice-Chancellor's Group and staff on spot salaries**
- 5.2 Remuneration Committee (Senior post holders, Vice-Chancellor's Group and staff on spot salaries) is responsible for the determination of Senior post holders remuneration and reviewing the proposal of the Vice-Chancellor and approval of the remuneration and conditions of service of the Vice-Chancellor's Group and staff on spot salaries.
- 5.3 In determining the remuneration of members of the senior postholders and reviewing the remuneration of members of the Vice-Chancellor's Group and staff on spot salaries consideration will be given to established independent sources of benchmark reward data for roles in comparable organisations. One such source is the annual UCEA Senior Staff Remuneration Survey published in February each year.
- 5.4 The performance of members of the senior postholders, Vice-Chancellor's Group and staff on spot salaries will be considered as part of their annual Performance Development Review completed by their manager and based on

a discussion of achievement of objectives over the preceding 12 months and contribution to the environment and shape of the University, delivery of the University's strategic vision and the overall performance of the University. Judgments about performance may also be informed by the use of specific performance review tools, as appropriate. Senior postholders, Vice-Chancellor's Group and staff on spot salaries PDR objectives will be reviewed by Remuneration Committee.

- 5.5 The Vice-Chancellor will present written assessments of performance against objectives together with recommendations to the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) for consideration.
- 5.6 Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) will take cognisance of the Vice-Chancellor's report and the benchmark reward data when making a recommendation on salary level and annual pay award.

6. Salary Review

- 6.1 It is within the authority of the Remuneration Committees to award a percentage increase to substantive salary as part of its annual review as well as to award a non-consolidated lump sum bonus to reward performance.
- 6.2 In making their decisions the Remuneration Committees will have due regard to the national pay award for the higher education sector as well as the pay ratio between the Vice-Chancellor's pay and the average pay for other University employees. In so doing the Committees will ensure that appropriate consideration is given to internal pay relativities and that aggregate senior post holders' remuneration does not increase faster than the average of other staff within the University.
- 6.3 The Committees in making their decisions will also make reference to relevant, benchmark salary data and relevant recruitment market information to reflect the need to retain and recruit high quality staff.
- 6.4 To ensure consistency and transparency of decision making, the Committees will adopt the mechanism provided at Appendix A for determining the value of salary increases and bonuses.

7. Benefits

- 7.1 In accordance with their responsibility for determining and reviewing the benefits available to the Vice-Chancellor and senior postholders, Vice-Chancellor's Group and staff with spot salaries, the Committee will give due regard to benefits offered within and outside the sector to post holders of equivalent status to ensure the total reward package remains competitive.
- 7.2 Where deemed appropriate in light of evidence presented and where it is affordable to do so, the Committees can decide to award an additional benefit.
- 7.3 When deciding on appropriate benefits to offer, such as private medical insurance, the Committees will give due consideration to whether they should be offered to all post holders within the Remuneration Committees' remit or to certain individuals or groups of individuals. The rationale behind any decision will be formally recorded in the minutes.

8. Severance Payments

- 8.1 Where a situation so requires it, the relevant Remuneration Committee has authority, on behalf of the Governing Body, to determine a severance payment for the Vice-Chancellor or a member of the senior postholders, or to approve any severance payment of more than £75k and to review a severance payment for the Vice-Chancellor's Group and staff on spot salaries, Any severance payment proposed must be reasonable and justifiable.
- 8.2 The relevant Remuneration Committee must be consulted before the commencement of any severance discussions with individuals.
- 8.3 In determining and reviewing the appropriate level of severance, the relevant Committee will give due consideration to the University's policy approach to severance payments, University practice and previous decisions. Appropriate advice will be obtained where necessary and particular regard will be given to the University's status as a charity.
- 8.4 In determining and reviewing the appropriate level of severance the relevant Committee will also have due regard to its responsibilities to consider matters of equality, diversity and inclusion, represent the public interest and avoid inappropriate use of public funds.

9. Management of Pensions

- 9.1 Dependent on the nature of the role, the Vice-Chancellor or members of the senior postholders, Vice-Chancellor's Group or staff on spot salaries may be members of the Teachers' Pension Scheme, Local Government Pension Scheme or Solent Pension Plan (Aviva DC Scheme).
- 9.2 The University's pension schemes play a significant part in attracting and retaining the most talented staff. In light of this it is important that the University's pension offer remains attractive.
- 9.3 Changes in the tax treatment of pensions have meant that those pension scheme members with higher earnings and long service are more likely to incur annual allowance or lifetime allowance tax charges. In some circumstances, this may result in an individual opting out of a pension scheme.
- 9.4 In the event of the Vice-Chancellor or a member of the senior postholders, Vice-Chancellor's Group or staff on spot salaries withdrawing from the pension scheme, the initial position of the relevant Committee will be to do nothing on the principle that pension membership and tax are personal matters. However, each case will be treated individually as it is recognised that there may be occasions where for significant recruitment and/or retention reasons some form of salary supplement for loss of pension benefit may be appropriate. The Committee's decisions on this matter will be informed by the following principles:
 - 9.4.1 Any decision should be fair, equal and consistent and in line with relevant pension scheme rules;
 - 9.4.2 Any approach should operate at no net cost to the University;
 - 9.4.3 The rationale for any decision should align to the University's policy approach to the payment of a market supplement, e.g. that pension concerns are a critical factor for recruitment or are the principal and primary reason for retention concerns.
 - 9.4.3 All decisions, together with their rationale, should be formally recorded in writing by the Executive Officer to the relevant Remuneration Committee;
 - 9.4.4 Individuals who have a personal interest in policy decisions on the matter should not be part of the decision-making process.
- 9.5 The relevant Remuneration Committee will be guided by experts on all matters related to pensions and will from time to time draw on the advice of external organisations to help decide the best course of action.

10. Policy on external income

10.1 The terms and conditions of employment of the Vice-Chancellor prevent them from retaining income resulting from external work.

10.2 In relation to other senior staff, terms and conditions prevent them from engaging in other paid professional activity without prior agreement of the Vice-Chancellor. Any activity, whether paid or unpaid, should be approved by the Vice-Chancellor before being undertaken and any income derived from such activity will be paid directly to the University.

11. Review

10.1 The Framework will be reviewed annually.

10.2 The Framework may be amended at any time to reflect any changes made to the constituents of the senior postholders, Vice-Chancellor's Group and staff on spot salaries.

Solent University Remuneration Committees

Scheme for the Determination of Salary Increases and Performance Bonuses

1. Introduction

- 1.1 This scheme is to be read in conjunction with the Framework for Decisions for the University's Remuneration Committees. The Framework provides information on the posts that fall within the Committees' remit in terms of the determination of annual pay awards and performance bonuses.
- 1.2 The purpose of this Scheme is to reinforce the University's commitment to a performance driven culture where staff are encouraged to provide evidence that reflects their contribution. The Scheme is built on the principle that bonuses are not an entitlement.
- 1.3 The arrangements below have been determined on the basis that eligible employees' performance, behaviour and contribution is formally reviewed at least once a year under the University's Performance Development Review (PDR) Scheme, which provides a framework for the setting and measurement of annual performance objectives. The presumption is made that previous year's objectives were agreed by both the employee and their manager and that the employee has had a period of at least 12 months to deliver against expectations.
- 1.4 All decisions will be informed by the outcome of an individual's annual PDR. Due consideration will also be given to the University's overall performance against strategic ambitions and the University's Performance and Risk indicators, in determining the appropriateness and value of any individual reward. Any decision to increase an individual's substantive salary will also be informed by an assessment of relevant market data and the need to maintain competitive salaries to avoid the potential loss of highly valued members of staff.

2. The process for the determination of non-consolidated bonuses

- 2.1 The Vice-Chancellor will be expected to present an End of Year Assessment to the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and staff on spot salaries) for all eligible employees for review by the Remuneration Committee (Senior postholders, Vice-Chancellor's Group and

staff on spot salaries). This will be informed by PDR outcomes and the achievement of objectives, and discussions with eligible employees' line managers where applicable. The Vice-Chancellor may also make reference to University performance indicators and seek the views of others through the use of relevant tools.

- 2.2 The Chair of the Governing Body will be expected to present an End of Year Assessment to the Remuneration Committee (Vice-Chancellor) for the Vice-Chancellor for review by the Remuneration Committee (Vice-Chancellor). This will be informed by the outcomes of the Vice-Chancellor's PDR and achievement of objectives, and the University's performance against the agreed indicators. The Chair may also draw on the views of others through the use of relevant tools.

3. Performance Assessment

- 3.1 The baseline expectation is for members of staff to have performed at a fully effective level, defined as having met or exceeded expectations by achieving all PDR objectives to a high standard whilst demonstrating leadership, using resources effectively and demonstrating the University's values and leadership behaviours as set out in the University's Performance and Development Review Scheme. Where performance is below the required standard (below expectations) this will be managed outside of this process by the relevant line manager in accordance with the University's established performance management practices.

- 3.2 Eligible members of staff will only be entitled to be considered for a performance bonus where they have met or exceeded expectations and/or made an exceptional contribution. Examples of such could be:

- Making an outstanding contribution to the University as a whole, beyond the limits of their role.
- Has met all objectives, carried out all job activities required and exceeded expectations for some of these.
- Has taken on/volunteered for additional responsibilities beyond those agreed at the start of the year and exceeded expectations in the role to benefit their team and/or the University in meeting strategic aims.
- Seeks opportunities for continuous improvement beyond the context of their role and to enhance own skills to benefit the University.
- Takes responsibility, makes sound and clear decisions and pushes them forward, sometimes beyond the context of their role.
- Uses own initiative often and appropriately and is prepared to take intelligent risks

- Proactive in suggesting improvements for their area of responsibility and the University.
- Resources are used creatively and highly effectively (people, money, physical) to meet and exceed requirements.
- Consistently demonstrates and promotes the values of the University in carrying out their role and positively role models expected employee behaviours.
- Shows a high level of self-awareness and through their actions demonstrates insight into how their behaviour may affect others and behaves appropriately to get the best out of people.
- Reviews their own performance, seeks feedback and acts on it appropriately to improve
- Consistently uses own drive and initiative to deliver results.
- Establishes and develops networks internally and externally and uses contacts to deliver exceptional outcomes for their area and/or the University.

3.3 To inform judgements, a clear evidence base will be available for those who are deemed to have exceeded expectations or made an exceptional contribution. In the main this will be provided through evidence gathered during the Performance Development Review (PDR) process.

3.4 Reference will be made to University performance in evaluating the performance of individuals. For example, if the University or section of the University over which an individual has direct impact has not performed well then it is unlikely that an individual will be awarded a bonus payment.

3.5 The Remuneration Committees will consider the overall pattern of recommendations from an equality and diversity perspective with a view to ensuring that there are no biases pertaining to gender or other protected characteristics.

3.6 Where a member of staff has been absent from the University for part of the year due to maternity/paternity/adoption leave, the individual's performance for the part of the year they were in attendance will be considered. The value of any bonus awarded may be pro-rata relative to the time worked and level of performance during that time. Where an individual's attendance at work has been affected by other personal factors, including health reasons, this will be considered in a measured and sensitive way, ensuring fair treatment.

4. Value of pay awards and bonuses

All decisions made will be subject to affordability each year. Where non-consolidated bonuses are paid the total value of all such payments will not exceed a set amount calculated each year as follows

$$\begin{array}{|c|} \hline \text{Total value of} \\ \text{salaries paid to} \\ \text{eligible employees} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{National pay} \\ \text{award for the} \\ \text{sector} \\ \hline \end{array}$$

Where the sector pay award has not been agreed at the time the salary review is conducted, Remuneration Committees will make a judgement about the likely award based on the progress of national negotiations at the time.

a. Consolidated pay awards

Any consolidated pay award will be based on the need to maintain competitive salaries with explicit reference to objective market data. A pay increase will be agreed where the Remuneration Committees are genuinely concerned that to not increase a substantive salary will result in reduced market competitiveness and the potential loss of a highly valued member of staff. In making its decision the relevant Committee will give due consideration to the whole remuneration package, including benefits and terms and conditions.

b. Non-consolidated bonuses

The Vice-Chancellor and members of senior postholders, Vice-Chancellor's Group and staff on spot salaries have a significant role to play in determining the success or otherwise of the University. Consequently, prior to awarding any non-consolidated bonuses the Remuneration Committees will reflect on the performance of the University against its key performance indicators and its financial position. Only where the performance of the University or part of the University justifies it will bonuses be paid. Where paid, their maximum value will be 5% of the value of an individual's salary and must be within the total value parameters set out above.

Annex 1 - Composition of staff groupings as at Dec 2022:

Title of grouping	Posts included
Vice-Chancellor	Vice-Chancellor
Senior postholders	Provost Deputy Vice-Chancellor, Resources Chief Finance Officer
Vice-Chancellors Group	Chief Student Officer & University Secretary Chief Commercial & Marketing Officer Chief Operations Officer
Other staff on spot salaries	Director of WMS Head of Estates and Facilities Head of People & Development Head of Marketing & Communications Vice-Provost Research & Innovation Vice-Provost Education Associate Provost of Academic Strategy Academic Registrar