

Remuneration Committee

19/01 A meeting of the Remuneration Committee was held in Committee Room 2, Whiteknights House on Tuesday 29 January 2019 at 2.00 pm.

Present:-

The Vice-President, Mr R. Evans (in the Chair)
The President, Dr P.R. Preston
The Vice-President, Mrs K. Owen
Member of the Council, Mr S. Sherman
Member of the Council, Mrs S. Woodman

By invitation:-

The Acting Vice-Chancellor (Minutes 19/01 to 19/11 only)
The University Secretary
The Director of Human Resources
Head of Governance (Secretary)

19/02 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 22 October 2018.

19/03 **Matters arising**

[Redacted, sec 43]

Action: Mr Brady

In the meantime the President of Council and Acting Vice-Chancellor agreed to feedback any intelligence from the CUC and UUK respectively on what other institutions were considering in regard to the scheme.

18/39 Annual Report of the Remuneration Committee

Mr Brady informed the Committee that the University had not received any specific feedback from the Office for Students (OfS) in regard to the Annual Report for 2017/18. The OfS had written to all institutions requesting further information on three questions; the University had already addressed these questions as part of its report.

The Committee noted that the Director of Human Resources had reviewed a number of reports from comparable institutions. The University's report was more comprehensive than others, with a number submitting cursory statements. It was intended that the University would remain with the more comprehensive format and that the 2017/18 version would be a good template for future reports.

18/42 Pay and Benefits of Senior Officers Reporting to the Acting Vice-Chancellor

It was noted that the Acting Vice-Chancellor was working with his direct reports to produce a stronger and sharper set of performance indicators against which future considerations of reward could be considered.

The Committee asked to see the indicators once available.

Action: Professor Van de Noort

Matters for Report

19/04 Severance Payments and Early Retirement Arrangements (Item 3)

The Committee received and noted the severance payments and early retirement arrangements that had been agreed since the last meeting.

19/05 Out of Cycle Salary Increases (Item 4)

The Committee noted that there were no out of cycle salary increase to report on this occasion.

19/06 Report of the University Executive Board (Item 5)

The Committee noted that the University Executive Board had approved a Harassment and Bullying Policy and Procedure.

19/07 Update on Pay Negotiations and Pensions Update (Item 6)

The Committee noted that:

National Pay Bargaining

- The 2019 pay bargaining round was scheduled to commence on 26 March 2019. In advance of that UCEA would be consulting with participating HEIs in two phases: Phase one, to be completed by 8 February, would seek initial views on the level for a desirable base pay increase (including a maximum level), and ask for an indication of any key aspirations for the pay outcome. Phase two, to be completed by 8 March, would seek further contextual information to assist UCEA in relaying the collective employers' position – this could include the likely impact of pay rises above the

maximum level indicated, the impact of increasing pension costs and the potential for further industrial action. [Redacted, sec 43].

- UCU had opened a ballot for industrial action. This was described as a continuation of the dispute in respect of the 2018 pay settlement (the formal process was closed some time ago), but was likely designed to place early pressure on the 2019 process and build on momentum garnered from the recent pensions dispute. A disaggregated ballot (i.e. a ballot of members at each HEI) in late 2018 failed to reach the required 50% turnout threshold. The current ballot was being conducted nationally. The ballot closes on 22 February; the University's Strike Operations Group was meeting shortly to plan for the possible action.

USS

- The proposed changes to the USS, arising from the 2017 valuation process, provoked a significant period of industrial action in 2018 in a number of HEIs, Reading included. The dispute concluded with a collective agreement to establish a Joint Expert Panel (JEP) to re-visit the proposed changes, and the subsequent JEP recommendations were broadly, if cautiously, supported by relevant employers.

The USS Trustee had agreed to consider those recommendations by carrying out a further valuation (based on the 2018 actuarial position) which it hoped could be completed in time to avoid (in part) the increases in employer and member contributions scheduled to be phased in from 1 April 2019. The Trustee had a statutory obligation to close the 2017 valuation process and for this purpose the University had recently responded to a consultation in respect of the revised schedule of contributions coming into effect from April 2019 and the proposed recovery plan for responding to the deficit assessed by it as at 31 March 2017.

By way of a summary of the revised schedule of contributions, the employer contribution was set to increase to 19.5% from 1 April 2019, 22.5% from 1 October 2019 and 24.9% from 1 April 2020. The concomitant changes in member contributions were 8.8%, 10.4% and 11.7% respectively. Additionally, the 1% matched additional contribution was set to cease with effect from 1 April 2019. The recovery plan proposal was to address the deficit by contributions of 6% of pay over fourteen years from 1 April 2020.

The University had noted the importance of closing the 2017 valuation in good time to allow a reasonable opportunity to complete the 2018 valuation to avoid the increases scheduled for 1 October 2019.

The USS has now opened a consultation in respect of the technical provisions for the 2018 valuation. The proposed University response would be discussed at the UEB in late February.

- The Committee members had previously noted an ongoing need to recruit a further University representative on the local schemes' Trustee body and the imminent need to appoint a Chair of Trustees. With this in mind colleagues in the University Pensions Office had prepared a role description for the Trustee and Chair roles, and a draft proposed procedure for the appointment of the Chair of Trustees.

[Redacted, sec 43].

The Committee agreed that trustee appointments should be limited to three year terms of office and that no more than three terms of office could be served.

It was noted that an open recruitment process would be run for the position; professional chairs would be eligible to apply. A decision would then be taken by the Trustee Board jointly with the University. Mr Brady agreed to report back to the Committee on progress.

The Committee asked the Director of Human Resources to confirm whether the Trustees were covered by Professional Indemnity insurance.

Action: Mr Brady

Matters for Discussion

19/08 Establishing a Policy on Market-Related Supplements (Item 7)

The Committee received a paper, prepared by the Director of HR, in respect of developing a framework for the consistent application of supplementary payments across the University.

The paper sets out a proposed approach to the use of supplementary payments to support the effective recruitment and retention of staff across the University where normal pay arrangements were ineffective as a consequence of particular market conditions. The proposed arrangements recognised the need to balance such an approach with the University's over-arching employment legislation obligations, notably equal pay for work of equal value.

[Redacted, sec 43].

The Committee thanked Mr Brady for the paper and was supportive of the approach outlined, subject to a slight rewording on page 3 of the document.

[Redacted, sec 43].

The Director of Human Resources agreed to submit an annual report on the scheme to the Committee in due course.

Action: Mr Brady

19/09 Gender Pay Gap Report (item 8)

The Director of Human Resources tabled the first draft of the Gender Pay Gap Report.

It was reported that the mean hourly rate of pay gap had increased from 19.58% (2017) to 20.51% (2018), however, the median pay gap had decreased from 20.99% (2017) to 18.52% (2018). The mean bonus payments had increased from 18.71% (2017) to 29.34% (2018), the median bonus payment from 40% (2017) to 57.02% (2018).

The Committee noted that the draft of the document would be discussed with UCU and the Deans for Diversity and Inclusion.

The Committee noted a range of actions and key priorities that were already in place to address the gender pay gap, some of which would take time to progress.

19/10 **Interim Report on the Grade 9 Review (item 9)**

The Committee received a paper prepared by the Director of Human Resources in regard to the Grade 9 Pay Structure Review.

It was noted that:

- The review has been conducted with Korn Ferry, using the Hay methodology.
- Relevant Grade 9 staff had used a standard form to describe their roles, following guidance from Korn Ferry, with the submissions being validated by relevant line managers.
- 49 roles had been evaluated and a preliminary rank order produced. There have been discussions about the initial outcomes with the University Secretary, the Director of Human Resources and the Pay and Reward Manager.
- A sample of Grade 8 roles had also been evaluated for calibration purposes.
- Initial indications suggested there were potentially four clusters of job sizes among the current Grade 9 population, with some evidence of weak correlation between job size and pay for certain roles and some potential gender pay gaps amongst similarly scored roles.
- Korn Ferry would now refine the rank order in discussion with key University staff, map internal relativities (based on job size and gender), and review external comparisons (against HE and the general market).
- Discussions would then focus on developing a core pay structure, and confirming a policy for operating and reviewing the structure.

Mrs Woodman volunteered to provide further input into the exercise.

19/11 **Voluntary Redundancy Scheme**

The Director of Human Resources informed the Committee that since the scheme had launched 217 applications had been received, the vast majority of which were from Professional and Managerial Staff.

The Committee noted that, in relation to the Voluntary Redundancy Scheme only, the President of Council had given delegated authority for payments over £30,000, proposals in excess of £100,000 would still require Remuneration Committee approval.

The Acting Vice-Chancellor left the meeting.

19/12 Appointment of the Vice-Chancellor

The Committee had previously agreed via correspondence a salary range of £220,000-£280,000 for the Vice-Chancellor appointment.

[Redacted, sec 40]. The Committee was asked for a steer whether the Selection Committee should consider exceptional candidates if their current salary sat outside the upper range.

The Committee agreed that it was important to retain pay restraint, however, without knowing more about the individual candidates it was difficult to ascertain whether the candidate was truly exceptional, and therefore whether to take a decision on extending the range.

It was suggested that the Director of Human Resources should contact Odgers and explain the University's position in regard to pay restraint and ask that be relayed to relevant candidates.

Following the Selection Panel meeting on 15 February 2019 a further discussion could be held with the Chair of Remuneration Committee if required.

19/13 Dates of Meetings in Session 2018-19

Tuesday 11 June 2019 at 10.30 am