

## Remuneration Committee

19/14 A meeting of the Remuneration Committee was held in Committee Room 2, Whiteknights House on Tuesday 11 June 2019 at 10.30 am.

Present:-

The Vice-President, Mr Robin Evans (in the Chair)  
The President, Dr Paul Preston  
The Vice-President, Mrs Kate Owen  
Member of the Council, Mrs Sue Woodman

By invitation:-

The Vice-Chancellor  
The University Secretary  
The Director of Human Resources  
Head of Governance (Secretary) (except 19/18 a)

Apologies were received from Mr Steve Sherman.

### 19/15 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 29 January 2019.

### 19/16 **Matters arising**

*19/03 Manoeuvrability within USS*

The Director of Human Resources informed the Committee that:

- The University's agreement with USS was exclusive and that it could not use another scheme.
- Any post that were made non-superannuable would then need to apply to all other posts of the same nature.
- If the University were to withdraw from the scheme, then the section 75 debt was estimated to be £300-£600M.
- One other institution had sought clarity on the rules of leaving
- The Pensions Regulator (TPR) could exercise its powers to remove any pension trustee.

- UUK and UCU had the right to remove their own members from the USS Trustees.

The Committee noted that there was very little room to manoeuvre within the scheme but that there was growing discontent about the effectiveness of the trustee body.

*19/03 Performance indicators for senior officers*

The Vice-Chancellor informed the Committee that he had inherited the objectives set by the previous Vice-Chancellor and that he was speaking directly with UEB members about these. A paper pulling together the objectives for UEB members would be produced in due course.

*19/07 Trustee appointments*

It was noted that all trustees were covered by specific trustee liability insurance.

In regard to the Chair of Trustees appointment it was noted that Mercer had indicated that a figure of £25-£30k was normal remuneration for the role on a per scheme basis.

The VC was asked to consider whether the appointment of Pension Trustees should come under the remit of the University Secretary to bring it in line with other similar University appointments.

**Action: Director of Human Resources**

The Committee noted that there was an outstanding recommendation for the Chief Financial Officer to nominate an employee trustee to the scheme.

The Director of Human Resources was asked on behalf of the Committee to formally chase up this action and to seek nominations without delay.

**Action: Director of Human Resources**

### *19/11 Voluntary Redundancy Scheme*

The Committee heard that the voluntary redundancy scheme had closed in February. A total of 134 members of staff had agreed to depart with 31 members of staff agreeing FTE reductions. This achieved savings of around £5M against a £10M target.

In the main the majority of applications had been received from professional and support staff.

The Committee noted that follow up meetings had been held with the Staff Forum and the trade union, both of whom had pronounced themselves content. A follow up meeting had also been held with the Voluntary Redundancy Group to gather learning points for any future exercises.

## **Matters for Discussion**

### **19/17 Draft Annual Report**

The Committee received and noted the draft annual report for 2018/19. The Director of Human Resources informed the Committee that it was intended to use the same format as last year with a truncated version for the financial statements.

The Committee noted that for 2018/19 the University would need to report on Sir David Bell's salary, the salary for Professor Van de Noort as Acting Vice-Chancellor, and the salary for Professor Van de Noort as Vice-Chancellor.

Previously it had been suggested that OfS might change the rules for reporting salaries over £100k but nothing in regard to this been received yet.

In regard to the draft it was suggested that:

- The institutional context sounded too positive and needed to point out challenges.
- On page 6 there was a need to define the time periods.
- For staff paid over £100k it would be helpful for the Committee to see in a graphic form how that had varied over time.

**Action: Mr Brady**

- Page 10 it was important to include the Remuneration received by the Vice-Chancellor for external activities was included in the report.

A final version of the report would be submitted to the next meeting of the Committee

## 19/18 Salaries

### a) Grade 9 Pay and Grading Structure Review

The Committee received the results of the Korn Ferry (Hay) review into the Grade 9 pay and grading structure. It was noted that Mrs Woodman had been involved in the review.

It was noted that all relevant Grade 9 staff were included; 51 roles were evaluated and a rank order produced, a further 8 Grade 8 roles were also evaluated. The analysis had identified three clusters of job sizes suggesting three pay zones. The exercise had provided the framework for a revised grade structure, based on the job evaluation outcomes and therefore providing a greater level of equal value compliance than might have otherwise been the case.

The proposed new structure had been designed to reflect the evaluated rank order of roles, align the salary ranges to the market norms identified by Korn Ferry, and allow for the least disruptive transition to the new structure.

The Committee noted the detailed outcomes of the review. For the majority of colleagues, the review had confirmed that their relative position within the structure was correct. For a small number an immediate salary uplift was required to ensure alignment with other roles of equal value (green circle). Salary adjustments would be effective retrospectively from 1 August 2018.

The remaining roles (red circle) had either current salaries that were above the maximum of the zone that best reflected their relative job size, or the job evaluation had indicated that they were Grade 8 or equivalent. In both cases pay protection was proposed before salaries were adjusted to the top point of the appropriate zone or grade. During the period of pay protection there would be an opportunity to review the duties and responsibilities associated with these roles to determine whether the salary reduction would be avoided, or if the current salary could be justified objectively.

For posts where there had been no change to the relative position in the new structure, it was proposed that assimilation to the revised incremental points follow as and when salary adjustments were proposed and agreed via the normal Annual Review process.

The Committee approved the review.

### b) Professorial Salaries Annual Review

The Committee received and approved a report and recommendations from the Professorial Salaries Advisory Group payable with effect from 1 August 2019 in respect of Professorial Staff.

A total of 226 Professorial colleagues (89.68%) had submitted the proforma setting out their recent activities and achievements; this response rate

represents an increase on the previous year when 88.48% of colleagues responded.

Mrs Woodman, as nominated lay member of the Committee, had attended one meeting of the Professorial Salaries Advisory Group and had pronounced herself wholly content with the application of the stated procedures. The Committee endorsed the value of having lay member of Council on the Advisory Group to ensure that due process was followed, and thanked Mrs Woodman for her work in this regard.

The Committee noted that the total cost of the agreed adjustments to professorial salaries was £199,291 being less than 0.99% of the overall Professorial pay-bill (without on-costs).

In regard to Henley Business School the Committee noted that discussions were due to be held in relation to market related pay supplements.

### **c) Senior Staff Annual Review**

The Committee received and approved a report and recommendations from the Senior Salaries Advisory Group payable with effect from 1 August 2019. The Advisory Group had met on one occasion to discuss Heads of School and Deans as a formal review of the Grade 9 Professional and Managerial pay structure had also been undertaken (see Minute 19/18 a).

Mrs Woodman, as nominated lay member of the Committee, had attended the meeting of the Senior Salaries Group and had pronounced herself wholly content with the application of the stated procedures. The Committee endorsed the value of having lay member of Council on the Advisory Group to ensure that due process was followed, and thanked Mrs Woodman for her work in this regard.

The Committee noted that the total cost of the agreed adjustments to senior staff salaries was £23,036 with lump sum awards of £17k.

## **19/19 Pay and Pensions Update**

The Committee noted that:

### *National Pay Bargaining*

At the last meeting it was reported that UCU were conducting a ballot for industrial action in respect of the 2018 pay settlement. The ballot closed on 22 February 2019 and failed to reach the 50% turn-out threshold to allow for lawful action to proceed.

The 2019 pay bargaining round commenced in March and three scheduled meetings of the JNCHES were concluded in late April. UCEA, on behalf of the sector employers, tabled a final offer of a minimum of 1.8% on all spinal points. The proposed settlement included an element of “bottom-loading” with a sliding scale of increases on points 3-16 from 3.65% to 1.83%. Significantly, point 2 on the national spine would be deleted no later than April 2020 (designed to keep pace

with changes to the national living wage). The deletion of point 3 would require a restructuring of the lower grades on the University's local structure.

It was likely that the sector trade unions would reject the offer. There was a formal disputes process involving ACAS which must be initiated but experience suggested this was unlikely to produce any positive outcomes.

An additional layer of difficulty had arisen as a consequence of a change in leadership within the UCU. Dr Jo Grady has been elected as General Secretary following the retirement of Sally Hunt. At the recent UCU Congress delegates voted in favour of initiating the process to ballot members for industrial action in respect of pay and pensions.

The national pay award was normally effective from 1 August each year, however it was unlikely that the process would be complete before then.

### *USS*

The Committee were reminded that in order to close the 2017 valuation process a revised schedule of contributions came into effect from April 2019. The employer contribution had increased to 19.5% from 1 April 2019, and would increase further to 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 USS opened a consultation in respect of the technical provisions for a 2018 valuation, as a way of meeting the recommendations of the Joint Expert Panel and avoiding the significant increases noted above. Via the UUK the University signalled its support for a revised approach predicated on the application of "contingent contributions", i.e. higher contribution rates that could be automatically activated under certain conditions should there be a significant deterioration in scheme funding.

The USS Trustee had subsequently rejected the UUK proposals for contingent contributions and tabled a further three options. Despite some significant frustration with the lateness of this most recent offer, and the limited time given for consideration and response, a further UUK consultation saw the majority of respondents offer (reluctant) support for option 3 which would see contribution rates of 21.1% (employer) and 9.6% (member) from 1 October 2019. This was in effect a trade-off, being a slightly higher than desired headline rate but removing the potential uncertainty of contingent contributions and offering a further re-valuation in 2020.

All of this was contingent on agreement being reached with all the relevant stakeholders. Matters had become even more complicated by the leaking of a letter to the USS Trustee from the Pensions Regulator which questions the viability of option 3, and the UCU introducing a "no detriment" expectation with a view to agitating for further industrial action.

The Committee noted that since its agenda had been issued a letter had been sent to the Vice-Chancellor from UCU seeking confirmation that the University would not impose any benefit cuts and/or contribution increases, including contingent contributions and default contribution rates for future valuations, on members from October 2019 onwards. UCU had stated that if an affirmative response was not received by 19 June that it would consider a trade dispute to exist.

At its meeting on 10 June 2019 the University Executive Board had noted the increasing complexities around USS. The Board had agreed that it was important to communicate to all staff upfront the University's position in regard to the ongoing pensions situation. A plan would be developed to communicate messages that were light on the technical complexities but gave more detail on reality.

The Committee discussed UCU's letter at some length and expressed disappointment with the aggressive tone of the letter. The University sincerely wanted to find a resolution but the demand for 'not a penny more' could not be given.

The Committee suggested that it would be appropriate to share with staff the Vice-Chancellor's response to the UCU letter.

## **Matters for Report**

### **19/20 Severance Payments and Early Retirement Arrangements (Item 6)**

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

### **19/21 Out of Cycle Salary Increases (Item 7)**

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

### **19/22 Report of the University Executive Board (Item 8)**

The Committee noted that there was no report on this occasion.

### **19/23 Office for Students - first annual analysis of senior staff pay (Item 9)**

The Committee noted the first OfS annual analysis of senior staff pay.

### **19/24 UCEA Public Exit Payment Cap Consultation (Item 10)**

The Committee noted that the arrangements were not applicable to higher education.

The Committee were reminded that any payment exceeding £90k required Remuneration Committee approval.

**19/25 Dates of Meetings in Session 2019-20**

Monday 21 October 2019 at 2.15 pm

Tuesday 28 January 2020 at 2.00 pm

Tuesday 9 June 2020 at 10.30 am