

Remuneration Committee

18/28 A meeting of the Remuneration Committee was held in Committee Room 2, Whiteknights House on Monday 22 October 2018 at 2.45 pm.

Present:-

The Vice-President, [redacted, section 40] (in the Chair)

The President, [redacted, section 40]

The Vice-President, [redacted, section 40] (Minutes 18/40 to 18/42 only)

Member of the Council, [redacted, section 40] (Minutes 18/40 to 18/42 only)

Member of the Council, [redacted, section 40]

By invitation:-

The Acting Vice-Chancellor (Minutes 18/28 to 18/41 only)

The University Secretary (Minutes 18/28 to 18/40 only)

The Director of Human Resources

Head of Governance (Secretary)

18/29 **Minutes of the last meeting**

The Committee received and approved the Minutes of its meeting held on 12 June 2018.

18/30 **Matters arising**

18/14 Committee of University Chair's Higher Education Senior Staff Remuneration Code

The Committee noted that the OfS had not clearly defined who should be included in the definition of 'senior staff', this was a matter for the Remuneration Committee to determine.

18/20 Gender Pay Gap Report

The Committee agreed that the Deans for Diversity and Inclusion would be invited to the Summer Term meeting.

Matters for Report

18/31 Disclosure of Interests and the Risk Register (Item 3)

The Committee received and noted a paper from the University Secretary in regard to Disclosures of Interests and the Risk Register.

18/32 Membership and Terms of Reference (Item 4)

The Committee received and noted a copy of its Membership and Terms of Reference.

18/33 Severance Payments and Early Retirement Arrangements (Item 5)

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

18/34 Out of Cycle Salary Increases (Item 6)

The Committee received and noted the out of cycle salary increases that had been agreed since the last meeting. The Committee noted that the increases were in respect of retention cases and that those cases that were promoted to Associate Professor were already in the Personal Titles process for 2017/18.

18/35 Report of the University Executive Board (Item 7)

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

18/36 Report on the University's Pension Arrangements for 2017/18 (Item 8)

The Committee received an annual report on the University's current pension's arrangements, including the financial implications of the schemes and any potential deficits.

The University currently operated three separate schemes: the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF), and the University of Reading Pension Scheme (URPS).

URPS was a defined contribution (DC) scheme and provided a retirement benefit based on how much was paid in and how investments performed, rather than linked to salary over the period of membership, as with a defined benefit (DB) scheme such as UREPF. The University took the decision to close UREPF to new members in 2011 and URPS replaced it as the scheme for new staff in Grades 1-5. It was also the scheme into which staff within those grades, who had opted out of a pension scheme, were auto-re-enrolled. UREPF and URPS were locally managed schemes, each with a local Trustee Board, comprising University management, Council (UREPF) and member representatives.

The University did not have the same freedom to operate or degree of choice with participation in the USS as this was a national pension scheme and it remained an essential part of the University's competitive recruitment and retention strategy for academic and senior professional staff. Previously wholly a DB scheme, USS became a hybrid (part DB and part DC) with effect from 1 April 2016.

The Committee discussed the appointment of trustees to URPS and UREPF and noted that [redacted, section 40] had been appointed as Chair of the Trustees for one further year. The Committee asked the Director of Human Resources to bring to the January meeting of the Appointments and Governance Committee a paper in regard to the future appointment of trustees.

The Committee thanked the Director of Human Resources for the Report and agreed that it be reported to the Council for information. It was suggested that the report could also be circulated more widely amongst staff.

18/37 **Update on Pay Negotiations and Pensions Update (Item 9)**

The Committee noted that the national pay negotiations conducted via the Joint National Committee for Higher Education Staff (JNCHES) had concluded without formal agreement with the national trades unions. In these circumstances the final offer from the employer side had been implemented. The award comprised a base pay uplift of 2% on the new JNCHES pay spine points or £425, whichever was the higher, effective from 1 August 2018. The pay award was implemented locally in September salaries.

The Director of Human Resources informed the Committee that UCU had entered into an industrial dispute in respect of the pay award and related matters, and had balloted members with a view to strike action and action short of a strike. The local branch had voted in favour of industrial action and action short of strike but had not reached the threshold level in respect of number of votes required.

In regard to USS the Committee noted that the Joint Expert Panel (JEP) reported in September 2018 and had recommended an approach that would require increased contributions to the scheme on a cost-sharing basis (for employers an additional 2.13%, for employees an additional 1.07%) and an acceptance of a higher level of "risk" assumed by employers. "Risk" in this context was a complex matter, but meant essentially that the University might need to increase contributions or provide a cash injection to the scheme, potentially at short notice, and would therefore need to ensure that contingency funding was in place.

The JEP proposals were the subject of consultation with key stakeholders. The UUK was currently consulting employers and the University's proposed response was discussed at the University Executive Board (UEB) on 15 October and earlier in the day on 22 October by the Strategy and Finance Committee.

UEB had agreed that it would respond to the consultation welcoming support for the JEP process, the report, and endorsing the process as a means towards resolution from the dispute. The response would express cautious support for the

JEP recommendations on the 2017 valuation, noting that there were still some uncertainties and areas that required further clarification. In particular, the University's response would ask for a greater degree of understanding regarding the potential volatility in the level of employer contribution and, assuming an acceptance of a higher level of investment risk and potential changes to how the covenant was expressed. The response would also make it clear that the University considered this as a stop gap measure and fundamental reform of the scheme was still needed to ensure its long time viability. All stakeholders would need to accept that the JEP recommendations carried both real and potential additional costs, and the University would have to plan and prioritise accordingly.

The Committee asked the Director of Human Resources to bring a paper to its next meeting setting out what room there was to manoeuvre within USS.

18/38 Salary arrangements agreed during the transition period (Item 10)

The Committee noted salary arrangements for the Acting Vice-Chancellor, Deputy Vice-Chancellor and fixed term Pro-Vice-Chancellor had been agreed by correspondence for the transition period.

18/39 Annual Report for the Remuneration Committee (Item 11)

The Committee received and approved the Annual Report from the Remuneration Committee that would be submitted to the Council on 28 November 2018. It was noted that an edited version would appear in the University's Financial Statements for 2017-18.

The Director of Human Resources agreed to keep a watching brief on what other institutions were publishing as part of their annual reports.

Matters for Discussion

18/40 Henley Business School Salary Structures (Item 12)

The Committee noted that at its meeting on 13 August 2018 the University Executive Board had received a paper from the Dean of the Henley Business School on salary structures following a survey undertaken by Korn Ferry Hay.

The Committee noted that UEB would discuss at its meeting on 7 January 2019 a University wide policy in regard to market supplements and would report back on that discussion to Remuneration Committee on 29 January 2019.

[the University Secretary left the meeting]

18/41 Presentation from the Acting Vice-Chancellor on University performance and KPIs (item 13)

The Committee received an oral report from the Acting Vice-Chancellor on the University's performance in 2017/18 across a range of KPIs.

It was noted that in terms of student recruitment and financial performance the University had performed well in 2017/18. Key challenges for the University had been the University of Reading Malaysia, NSS results and the student experience, particularly in regard to the Library refurbishment.

[the Acting Vice-Chancellor left the meeting]

18/42 Pay and Benefits of Senior Officers Reporting to the Acting Vice-Chancellor (item 14)

The Committee received a paper prepared by the Vice-Chancellor (Sir David Bell) in regard to the pay and benefits of senior officers reporting to the Vice-Chancellor; the paper was submitted by Professor Van de Noort as Acting Vice-Chancellor. Professor Van de Noort was excused for this item.

In 2017, the Committee had agreed to move away from its previous policy of awarding consolidated pay increases on a three-year cycle to an annual basis starting Autumn 2018.

The Committee noted that all staff were entitled to and had received the national pay award of 2% from 1 August 2018.

Consistent with the drive for greater transparency, and the desire of the Committee to have a 'rounded' view of performance, the annual performance review proforma, including Sir David's comments for each person under consideration was submitted.

The Committee discussed the proposals put forward and noted the University's performance across a range of KPIs, on the basis of which it was agreed that there would be no consolidated pay increases for senior staff. The Committee did, however, agree a series of non-consolidated payments as follows:

- 1) [redacted, section 40]
- 2) [redacted, section 40]
- 3) [redacted, section 40]
- 4) [redacted, section 40]
- 5) [redacted, section 40]

18/43 Objectives for the University Executive Board

The Committee noted that during the transition period the President of Council would set objectives for the Acting Vice-Chancellor, and that the Acting Vice-Chancellor would in turn review the objectives set for members of UEB for 2018/19.

18/44 Dates of Meetings in Session 2018-19

Tuesday 29 January 2019 at 2.00 pm

Tuesday 11 June 2019 at 10.30 am