

2018/2019 Annual Report of the Remuneration Committee

Introduction

This report summarises the business of the Remuneration Committee for the academic year to 31 July 2019 and sets out how the Committee has discharged its responsibilities as set out within the approved, and published, [terms of reference](#).

The report is prepared for members of the Board of Governors, but it is also published on the University website as part of our ongoing efforts to ensure the transparency of governance processes within the institution.

Terms of Reference and Membership

Purpose

The Remuneration Committee is responsible to the Board of Governors for setting a framework for the pay and conditions of all staff and the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts. The Remuneration Committee also has oversight of developments regarding the Vice-Chancellor's senior team, the Vice-Chancellor's direct line reports and the Pro Vice-Chancellors.

Membership

The Remuneration Committee is composed of four Independent Governors: the Chairs of the Board of Governors and its three major committees: Audit, Finance, Estates & IT and Strategic Planning and Performance.

Accordingly, the members of the Committee for the period were:

Sonia Mills
Sandra Forbes (Chair)
Rob Fraser
Dr Martin Hagen.

The terms of office of Dr Hagen and Ms Forbes ended on 31 July 2019 and during the course of the year the Board appointed an Audit Committee Chair Designate, Mr Richard Bacon to succeed Dr Hagen. Mrs Jenny Body, Independent Member, was also nominated to be the successor to Ms Forbes as Chair of the Strategic Planning and Performance Committee. Both Mr Bacon and Mrs Body were invited to observe the final meeting of the year, which Mrs Body was able to attend.

The Clerk to the Board of Governors, Dr Jodie Anstee attends the meetings of the Committee and, where appropriate, Debbie England (Director of Human Resources & Organisational Development [HROD]) also attends. Ms England left the University in June 2019. Martin Augustus, Head of HR Consultancy, attended the June 2019 meeting with the Director of HROD in preparation of her departure and to provide continuity in HR representative attendance at meetings in the interim period until a new Director HROD is in place.

For a second year the Committee secured the services of Julie Alderdice, a representative of Korn Ferry, Hay Group, to ensure the provision of independent expert advice. With the exception of the additional meeting held on 6 March 2019, Ms Alderdice attended all other meetings held during the year.

At the Committee's invitation, during the year the Vice-Chancellor attended for items related to the following:

- ♦ Chief Information Officer recruitment
- ♦ Loss of office payments
- ♦ Senior staff succession planning
- ♦ Senior appointment process
- ♦ Senior manager pay progression
- ♦ Review of performance of senior post holders
- ♦ DVC remuneration.

The Committee was supported during the year by Christine Gledhill, Head of Governance and Deputy Clerk to the Board of Governors.

Declarations of Interest

The Committee routinely received declarations of interest from the Clerk to the Board of Governors and the Director of HROD, with a decision made on a case-by-case basis as to whether the individual should remain in the meeting.

Both individuals absented themselves from discussions that directly related to their performance and/or emoluments. They were also not present during any discussions related to the review of the performance of holders of senior posts, senior team pay progression and senior staff succession planning.

The Head of HR Consultancy, the Deputy Clerk and Ms Alderdice also absented themselves during discussions relating to senior staff succession planning.

Committee Meetings

The Remuneration Committee met four times during the 2018/2019 academic year, on:

Tuesday 16 October 2018
Thursday 17 January 2019
Wednesday 6 March 2019¹
Thursday 20 June 2019.

The Committee was quorate on each occasion.

The minutes were ratified of the meetings held in October, January and March and the unconfirmed minutes of the June meeting were shared with the Board of Governors at its meeting on 4 July 2019 when the Chair of Governors provided Members with a commentary of discussions held.

¹ An additional meeting convened at the request of the Chair of Governors

Business during the Year

16 October 2018

The primary purpose of this meeting was to:

- Review and revise Terms of Reference, Membership and operating arrangements for the Committee
- Finalise the Committee's annual report to the Board of Governors
- Finalise the Remuneration Policy for Senior Staff
- Review the gap analysis of the CUC HE Senior Staff Remuneration Code
- Review the findings of the review of Governance over Remuneration undertaken by the University's Internal Auditors
- Review the remuneration commentary for inclusion in the University Annual Report and Financial Statements for 2017/2018
- Review the achievement of annual institutional targets and personal targets and confirm remuneration payments.

17 January 2019

The primary purpose of this meeting was to:

- Review the Registration of External Work Policy for Tier 1 and Tier 2 staff
- Review progress to address the recommendations arising from the CUC HE Senior Staff Remuneration Code gap analysis
- Review of benchmark institutions
- Review senior manager contracts
- Loss of office payments
- Review of performance of holders of senior posts
- Review DVC remuneration
- Chief Information Officer (CIO) recruitment process and Governor involvement

6 March 2019

Convened at the request of the Chair of Governors, the primary purpose of this meeting was to consider two specific matters:

- Vice-Chancellor external commitment opportunity
- Senior Staff Succession Planning.

20 June 2019

The primary purpose of this meeting was to consider the following:

- National pay negotiations latest position
- Senior management pay distribution demographics report
- Review of VC performance
- Review the approach to VC and DVC remuneration from 1 August 2019
- External commitments of holders of senior posts
- Review of the Senior Appointment Process.

Institutional Performance and Market Position

UWE Bristol is a modern civic university and a large and complex one which offers over 600 courses at undergraduate and postgraduate levels, and in professional development. Teaching and research is structured within four faculties located at several campuses in

Bristol and a campus in Gloucester. UWE Bristol employs 4,000 staff and has over 30,000 students from 140 countries.

2018 saw an increase in student recruitment against the backdrop of a 2% overall reduction in the number of students applying for university places. In 2019, UWE Bristol's total income was £284m with EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) at 13.1% and cash flow generation (net of financial costs) at £38.9m or 13% of total income.

In 2019, continued delivery of the University's strategy saw the University climb to its highest ever position, at 28th in the Guardian league table. Student satisfaction levels remained high with 88% of students who graduated that year indicating that they are "satisfied overall" with the quality of their course, rating the University the 7th best in England for student satisfaction ([see NSS results](#)). UWE Bristol is also ranked 58th in the Times Good University Guide 2019.

Approach to Remuneration

Over time the Committee has continued to apply a strong, evidence-based ethos to its discussions and, in addition to supporting national pay negotiations, its agreed four key principles:

- i. clear alignment between remuneration packages of holders of senior posts and the organisational culture of the University;
- ii. whilst the University would be aligned to general regulatory and legislative changes, these would not necessarily dictate the University's remuneration framework for all staff;
- iii. where individuals exercised choice which provided the University with a financial benefit, there should not be an expectation for the University to share that benefit with the individual;
- iv. the university should not provide, or pay for, employee tax or pension advice.

The principal evidence underpinning discussions is drawn from:

- i. Higher Education Statistics Agency (HESA) data;
- ii. University and Colleges Employer Associations (UCEA) Senior Staff Remuneration Survey;
- iii. Committee of University Chairs Vice-Chancellor Salary Survey;
- iv. Times Higher Education Survey data;
- v. Reports and reviews from external experts commissioned by the Committee, as appropriate;
- vi. Internal analysis of salary distributions, performance and contribution to the strategy of the University.

The Committee is aware that given the increased differential use of pensions and other benefits, 'total emoluments'² is becoming an increasingly useful comparator and that, at present, total emoluments figures are not included within the UCEA Survey.

The Committee is also mindful that the Times Higher Education Survey is largely a reproduction of the remuneration information reported by Higher Education Institutions (HEIs) in their annual financial statements and whilst in most cases this does provide the

² Total emoluments include base salary and all other elements of pay, such as bonus and pension payments. The figure is, in effect, the total amount of 'profit' which an individual derives from their employment.

total emoluments figure, it is possible that not all HEIs have reported 'total emoluments' using the same methodology.

In order to maintain the competitive positioning of UWE's reward packages the Committee routinely seeks to benchmark positions that do not fall into the Higher Education Role Analysis (HERA) Scheme³ within the upper quartile of the remuneration offered within comparator institutions, taken during this period as other members of the University Alliance mission group.

In June each year, the Committee is provided with benchmark data in relation to the remuneration of the Vice Chancellor (VC) and the Deputy Vice Chancellor, (DVC). One of the data sets supplied relates to remuneration data for the VCs of a number of benchmark institutions. The Committee previously agreed that this list should be composed of similar size HEIs who are also members of the University Alliance Group. In recent years, membership of the University Alliance Group has become less stable and benchmarking against this group therefore less meaningful.

At its 17 January 2019 meeting, the Committee considered the adoption of a fixed list of benchmark Higher Education Institutions (HEIs). This list was produced by considering the following data:

1. Institution income;
2. Staff numbers;
3. Student numbers.

The proposed list of institutions was as follows:

The Nottingham Trent University
Leeds Beckett University
University of Plymouth
Liverpool John Moores University
Sheffield Hallam University
The University of Portsmouth
University of Northumbria at Newcastle
University of Hertfordshire
Birmingham City University
The University of Central Lancashire.

In considering the proposed list of institutions, the Committee noted that there were other indicators to be considered before confirming the list of benchmark HEIs, namely:

1. Whether or not the proposed benchmark HEI has a business school;
2. Whether or not the proposed benchmark HEI has a medical school;
3. The TEF status of each of the proposed benchmark HEI.

³ There are three different definitions of senior staff within the University/Sector all of which fall outside of the HERA scheme: a) "Holders of Senior Posts" – as listed above, b) "Senior Postholders" – Anyone on the "S" Grade pay scales and c) "Senior Staff" – An OfS definition to support reporting: any member of staff whose gross annual salary is greater than £100,000.

Using these indicators further analysis was undertaken of the proposed group and three additional HEIs were added:

Coventry University
Manchester Metropolitan University
Oxford Brookes University.

The analysis was presented to the Committee at its meeting on 20 June 2019 and the Committee approved the full list of 13 benchmark institutions.

For 2018/2019, CUC total emoluments data collated at 1 January 2019 and Times Higher Education survey total emoluments data published in February 2019 were used for the comparator Alliance Group institutions. The Committee considered this data in the context of the relevant elements and principles of the CUC HE Senior Staff Remuneration Code.

When considering changes to the remuneration of Holders of Senior Posts the Committee also seeks to maintain a steady ratio between senior leaders within the University and the median pay of all staff within the institution noting that the [Hutton Review of Fair Pay in the Public Sector](#)⁴ (2011) found that “median earnings are a more representative measure of the pay of the whole workforce”.

Vice-Chancellor’s Emoluments

The Committee also considers arrangements for the Vice-Chancellor’s remuneration which, in common with most of the sector, consists of base remuneration and an element of performance related pay; in UWE’s case, of up to 10% of the basic pay. The Committee utilises evidence from the sources identified above to benchmark the Vice-Chancellor’s pay and sets quantified performance targets, aligned to the strategy of the University, which if reached, trigger the release of a performance related payment. The Committee also takes advice on Vice-Chancellor pay from its independent external adviser and other experts.

In recent years, the Vice-Chancellor’s basic pay has increased only in line with the national pay award for other university staff. In this regard the VC received a 2% increase to basic salary in August 2018.

The Committee also monitors the relationship between the Vice-Chancellor’s pay and that of the median UWE Bristol salary. At UWE Bristol the Vice-Chancellor’s pay is 7.9 times higher, where the median pay is calculated on a full-time equivalent basis for the salaries paid to staff.

As mentioned above, up to 10% of the Vice-Chancellor’s basic pay is paid as a bonus and is at risk each year with this element paid incrementally, as a bonus, only if the Vice-Chancellor’s performance is judged to be ‘on target’ or ‘exceptional’. The drivers for determining performance are split between financial (relating to EBITDA and cash generation) and student satisfaction benchmarking UWE Bristol’s NSS results against the average for University Alliance Group institutions. The Vice-Chancellor cannot receive a bonus at all if personal objectives are not achieved and UWE Bristol does not maintain Silver status in the Teaching Excellence Framework.

The Committee is satisfied that the Vice-Chancellor’s pay remains proportionate when compared to that of his peers and in light of his performance to deliver Strategy 2020 and

⁴ See <http://goo.gl/t9uehE>

successfully lead the University to significantly enhance its performance across a range of key external metrics

A non-contractual bonus scheme for grade S6 staff (DVC level) has been in place since September 2014, the payment of which is based upon the same institutional performance metrics as applied to the Vice-Chancellor and is solely at the discretion of the Remuneration Committee.

External appointments and expenses

The Committee recognises the importance of the senior team having a strong external profile and monitors the level of commitments external to the University held by individuals.

The Committee also routinely reviews and web-publishes expenses claimed by senior staff.

At its meeting on 17 January 2019, the Committee reviewed the External Commitments Policy for Tier 1 and Tier 2 staff, to support those individuals within the Committee's remit who wish to undertake external activity.

The 2018/2019 expenses summary is provided as an appendix to this report.

External Advisers

The Committee retains the services of external advisers solely to advise on remuneration as required.

Governance

Members are collectively of the opinion that the Remuneration Committee continues to effectively discharge its responsibilities as set out in the published terms of reference and in doing so supports the governing body to fulfil its obligations under Article 3(1)(d)(e) of the Articles of Governance.

Recommendation

Members are invited to discuss the report and endorse the Committee's approach to remuneration.

Sonia Mills
October 2019

Appendix: Summary of Senior Staff Expenses and Business Costs

Remuneration Committee, as a matter of routine, examines regular summaries of the expenses of senior staff. The summary details for expenses processed in the period August 2018 to July 2019:

Staff Expenses

	Total	Subsistence	Misc.
Steve West Vice Chancellor	44.04	44.04	Nil
Jane Harrington Deputy Vice Chancellor and Provost	60.93	60.93	Nil
Donna Whitehead FBL Pro Vice-Chancellor & Executive Dean	174.56	174.56	Nil
Raymond McDowell Acting FBL Pro Vice-Chancellor & Executive Dean	Nil	Nil	Nil
Paul Olomolaiye FET Pro Vice-Chancellor & Executive Dean	479.38	479.38	Nil
Jane Roscoe ACE Pro Vice Chancellor & Executive Dean	790.40	790.40	Nil
Steven Neill HAS Pro Vice-Chancellor & Executive Dean	87.26	73.96	13.30
Marc Griffiths Acting HAS Pro Vice-Chancellor & Executive Dean	Nil	Nil	Nil
Martin Boddy Pro Vice-Chancellor	50.00	Nil	50.00
Jo Midgley Pro Vice-Chancellor	184.96	184.96	Nil
William Liew Director of Finance	32.91	32.91	Nil

Business Costs

	Total	Air/Rail/Travel	Hospitality	Mileage	Accomm	Misc.	Other**
Steve West Vice Chancellor	18847.76	15464.03	719.91	246.15	2068.97	Nil	348.70
Jane Harrington Deputy Vice Chancellor and Provost	4584.69	3953.10	156.32	31.95	419.32	Nil	24.00
Donna Whitehead FBL Pro Vice-Chancellor & Executive Dean	6828.94	5748.37	246.89	Nil	606.32	Nil	227.36
Raymond McDowell Acting FBL Pro Vice-Chancellor & Executive Dean	3083.52	2555.00	Nil	Nil	528.52	Nil	Nil
Paul Olomolaiye FET Pro Vice-Chancellor & Executive Dean	3740.03	1534.07	88.89	381.15	1307.67	71.15	357.10
Jane Roscoe ACE Pro Vice Chancellor & Executive Dean	22488.30	13376.66	1063.51	Nil	7377.51	670.62	Nil
Steven Neill HAS Pro Vice-Chancellor & Executive Dean	4217.34	1965.79	261.20	166.95	1726.80	Nil	96.60
Marc Griffiths Acting HAS Pro Vice-Chancellor & Executive Dean	1266.00	281.90	372.48	67.92	Nil	474.00	69.70
Martin Boddy Pro Vice-Chancellor	789.99	507.17	Nil	53.82	Nil	Nil	229.00
Jo Midgley Pro Vice-Chancellor	14681.76	12923.20	160.45	417.60	1090.71	Nil	89.80
William Liew Director of Finance	3364.10	2262.30	Nil	230.80	162.00	708.00	1.00

** visas, parking, tolls, etc.

Commentary on larger entries

Jane Harrington

Travel and accommodation costs for Kuala Lumpur (Taylors College Convocation) and meetings with partners.

Ray McDowell

Travel and accommodation costs for visit to The British College, Nepal (graduation ceremony)

Jo Midgley

Travel costs for Kuala Lumpur (Taylors College Graduation Ceremony) and meetings with partners, and travel costs for Hanoi, Vietnam (graduation ceremony), and to Hangzhou Normal University, China for academic partnership meetings.

Paul Olomolaiye

Travel and accommodation costs for visit to New Delhi, India and a conference in Nigeria.

Jane Roscoe

Travel and accommodation costs for visit to Singapore and Hong Kong to attend the First Media Design School Convocation with additional business meetings: visit to Australasia including one week attending TMP44 and a further week of partnership and networking meetings, and Copenhagen for international seminar.