

## **UNIVERSITY OF WESTMINSTER REMUNERATION COMMITTEE**

### **ANNUAL REPORT TO THE COURT OF GOVERNORS 2017-18**

#### **1. Introduction**

This report records the Remuneration Committee's work over the financial year ending 31 July 2018 and supplements the minutes of Committee meetings, which will be made available online for inspection in accordance with the University's Articles of Association (paragraph 27.3).

As with all the sub-committees of the Court, the Remuneration Committee has presented the minutes of its meetings to the meetings of the Court of Governors<sup>1</sup> and has dealt with the range of areas on which it has delegated authority from the Court.

Only the following 'holders of senior posts', as defined in the Articles of Association and designated by the Court of Governors, have been within the remit of the Committee during the period:

- Vice-Chancellor and President
- Provost (to 14 August 2018)
- Deputy Vice-Chancellors (2)
- University Secretary and Chief Operating Officer<sup>2</sup>
- Director, Communications, Recruitment and External Affairs (to 30 April 2018)

#### **2. Membership and Terms of Reference**

The membership and terms of reference for the period are attached (Appendix 1). The Committee reviewed their terms of reference and composition of the committee on 13 December 2017, the first meeting of the 2017-18 academic year. The Committee proposed the following amendments, which were approved by the Court of Governors for implementation from 14 February 2018:

- a) Vice-Chancellor and President to be removed from the membership of the Committee. The Vice-Chancellor will continue to attend Committee meetings for specific discussions at the invitation of the Chair.
- b) Bullet point 4 to be amended to "*To receive information as appropriate on the level of remuneration of all staff on senior management contracts*". Staff on senior management contracts are those staff above the 51 point scale but outside the remit of the Remuneration Committee.

Other than the removal of the Vice-Chancellor, there were no changes to the membership during 2017-18.

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<sup>1</sup> With the exception of confidential minutes that reference personal salary data

<sup>2</sup> The Court determined on 4 October 2017 that the Chief Operating Officer be considered the 'holder of a senior post' as defined in the Articles of Association. The Court resolved on 22 November 2017 that the titles 'Director of Finance and Operations' and 'Registrar' are changed to 'Chief Operating Officer' thus reducing the number of posts within the remit of the Committee. The title of the post was amended further in June 2018 to 'University Secretary and Chief Operating Officer'.

### **3. Implementation of the remuneration framework in 2017-18**

#### **3.1. Salaries**

The Committee decided that the salary for all 'holders of senior posts' from 1 August 2018 would remain as at 1 August 2017 or as at appointment. The Cost of Living award for other staff was not known in May 2018 and the Committee therefore agreed to consider any Cost of Living award for the salaries of the two Deputy Vice-Chancellors<sup>3</sup> for the period from 1 August 2018 in November 2018<sup>4</sup>.

When making decisions in May 2018 on the salary for the two Deputy Vice-Chancellors from 1 August 2018 the Committee considered a confidential pro forma report on their prior performance presented by the Acting Vice-Chancellor.

The Committee agreed the starting salary for the University Secretary and Chief Operating Officer in April 2018 with reference to the agreed salary bands for 2017-18 (re-confirmed by the Committee in December 2017) and comparative salary information for other 'holders of senior posts'.

The total remuneration package for the Vice-Chancellor comprises a salary of £250,000. There are no additional pension payments and are no benefits in kind. In deciding on the starting salary for the Vice-Chancellor, the Remuneration Committee considered data from the agreed UCEA reference group: London and the South East, Median to Upper Quartile and income '£70m to £202m'. The Committee considered also information on the market position for salaries for Vice-Chancellors and comparative leadership roles in other sectors based on job evaluated size (using the Hay Methodology), and the UCEA publication 'Senior Staff Remuneration, including Heads of Institution increases 2016-17'.

In August 2018, the Committee awarded a bonus payment to the Provost in recognition of the additional leadership responsibilities undertaken in the post of Acting Vice-Chancellor during 2017-18.

#### **3.2. Salary supplement in lieu of pension**

On 16 August 2017, the Committee agreed that with effect from 1 August 2017, the salary supplement applicable for those 'holders of senior posts' eligible and in receipt is fixed at 14% of pay irrespective of the percentage employer contribution for the pension scheme they opt out of.

The Committee noted at that meeting that in July 2017 the HR Committee rejected a proposal for the introduction of a salary supplement in lieu of pension contribution for eligible staff outside of the remit of the Remuneration Committee. The Committee agreed with immediate effect, and with the exception of the individuals who are already eligible and in receipt, the salary supplement in lieu of pension (introduced in May 2014) is withdrawn as an option for 'holders of senior posts'. The Committee also instructed the Director, Human Resources Management to explore options for the timescale for removal of salary supplement payments for the post holders currently in receipt.

In December 2017 the Committee instructed the Human Resources team to serve the two post holders who were already eligible and in receipt with notice that the University will vary their contract and remove the salary supplement in lieu of pension with effect from 1 August 2018.

#### **3.3. Performance measures**

In December 2017, the Committee agreed with the Acting Vice-Chancellor the 2017-18 performance measures for the other 'holders of senior posts' within the remit of the Committee and in May 2018 received revised performance measures for the USCOO in recognition of the post holder's appointment to the post on a permanent basis.

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<sup>3</sup> The Committee agreed that the salaries of new appointees – the University Secretary and Chief Operating Officer and the Vice-Chancellor - will not be subject to any cost of living uplift the Committee may approve for other 'holders of senior posts' from 1 August 2018.

<sup>4</sup> A change to the scheduling of Committee meetings means that the Cost of living award will be considered on 12 December 2018.

In February 2018, the Committee agreed four performance criteria relating to the Acting Vice-Chancellor role. These criteria were revised at a meeting in May 2018.

In December 2018 the Committee will consider performance measures for all 'holders of senior posts' for 2018-19. These measures will reflect the corporate objectives in the refreshed University strategy approved by the Court of Governors in October 2018.

#### 3.4. Senior team recognition scheme

The Committee agreed in December 2017 not to change the previously agreed amount - £5,000 - payable to each individual in the event that the criteria is met. At the same meeting, the Committee confirmed that the criteria for payment had not been met in 2016-17.

#### 4. **Pay multiple**

At 31 July 2018, the Vice-Chancellor's basic salary is 5.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Group and the University to its staff.

At 31 July 2018, the Vice-Chancellor's total remuneration is 4.4 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Group and the University to its staff.

The table below illustrates how the pay multiple has changed over the last five years:

Year	Pay multiple (basic salary)	% change from previous year	Pay multiple (total remuneration)	% change from previous year
2017-18	5.3	-22.1%	4.4	-26.7%
2016-17	6.8	+3.0%	6.0	+3.4%
2015-16	6.6	Nil	5.8	+1.7%
2014-15	6.6	+13.8%	5.7	+1.2%
2013-14	5.8	+4.0%	5.6	+6.0%

#### 5. **Other work**

##### 5.1. Expenses claims – Chair to the Court of Governors

The Committee can confirm that the Director of Finance discharged the Committee's responsibility to act as the formal authority for the authorisation of expenses claims made by the Chair of the Court during the period. The Committee received a summary of the expenses reimbursed to the Chair to the Court for the financial year 2016-17 in December 2017.

##### 5.2. Remuneration of staff on senior management contracts

The Committee received and noted a summary report on the level of remuneration of staff on senior management contracts in May 2018 for internal benchmarking purposes.

##### 5.3. Severance payments

The Committee did not receive notification of any severance payments paid in 2017-18.

## APPENDIX 1 - TERMS OF REFERENCE AND MEMBERSHIP

### UNIVERSITY OF WESTMINSTER COURT OF GOVERNORS

#### REMUNERATION COMMITTEE

- Membership:** Independent Governor (Chair)  
Chair of the Court and Pro Chancellor (ex officio)  
Chair of the HR Committee (ex officio)  
One additional independent Governor  
Co-opted non-governor members with particular expertise (as appropriate)
- In attendance:** Director, Human Resources and Organisation Development (professional adviser)  
Clerk to the Court  
Other staff, including the Vice-Chancellor, may attend by invitation of the Chair
- Quorum:** Three independent Governors
- Meetings:** The Committee usually meets twice a year. Additional meetings may be called or matters considered by correspondence as deemed necessary by the Chair to execute the business of the Committee.

#### Terms of Reference

- 1 To review and determine the remuneration, terms and conditions of employment, and, where appropriate, severance payments of the Vice-Chancellor\*; to devise and implement appropriate measures and procedures whereby the Vice-Chancellor's performance may be assessed;
- 2 To review and determine the salaries, terms and conditions of employment for the other 'holders of senior posts'\* and to agree with the Vice-Chancellor appropriate measures and procedures whereby the performance of these individuals may be assessed;
- 3 To consider appropriate schemes of remuneration for 'holders of senior posts' and the measures and procedures by which their performance against the targets shall be assessed for the purposes of determining payment due;
- 4 To receive information as appropriate on the level of remuneration of all staff on senior management contracts;
- 5 To seek comparative information on salaries and on other emoluments and conditions of service in the HE sector and where possible in other relevant not-for-profit organisations; to give due regard to the provisions of the HE Code of Governance and CUC illustrative practice note concerning Remuneration Committees and their operation;
- 6 To act as the formal authority for the authorisation of expenses claims made by the Chair of the Court; to require the Chief Operating Officer to discharge this responsibility on behalf of the Committee;
- 7 To report to the Court of Governors, as appropriate.

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\* **'Holders of senior posts'** must withdraw from the Committee when their own remuneration, terms and conditions of appointment or severance payment are under discussion.

#### COMMITTEE MEMBERSHIP 2017-18

<b>Independent Governor (Chair)</b>	David Cheeseman
<b>Chair of the Court and Pro Chancellor</b>	Stephen Hart
<b>Chair of the HR Committee</b>	Philip Murphy
<b>One additional independent Governor</b>	Karen Dunnell (Deputy Chair)
<b>Acting Vice-Chancellor</b>	Graham Megson (to 13 February 2018)
<b>Non-governor member</b>	Sally Moore (to 1 June 2018)

## APPENDIX 2 - REMUNERATION FRAMEWORK FOR 'HOLDERS OF SENIOR POSTS'

### 1. Principles

The Committee has agreed five principles in relation to the salary bands used as the framework for decisions on the remuneration of 'holders of senior posts':

- The Committee may approve an individual salary that does not map precisely to one of the four points (although it would usually be expected to fall within the range for the relevant salary band), and other considerations may be used to determine where in the range an individual's salary is agreed.
- Inclusion of points in the range does not constitute the introduction of automatic incremental salary increases.
- Points within the salary band possibly may be linked to performance of the institution.
- Use of the top of the salary band would be exceptional and/or for use where there are issues of retention of staff.
- New post holders or appointees to newly scoped posts would be expected to be appointed at the entry level of the salary band (point 1).

### 2. Reference group

Remuneration for 'holders of senior posts' is based on data from an agreed reference group.

In August 2017 the Committee agreed to use the UCEA reference group: London and the South East, Median to Upper Quartile and income '£70m to £202m'. The benchmark group will be reviewed again in 2019-20, or sooner if the University's income changes significantly.

### 3. Salary bands

The agreed salary bands are divided into two zones – 1 and 2. The lower limit of Zone 3 equals the upper limit of Zone 2 and the upper limit of Zone 3 is 10% above the upper limit of Zone 2. The following guidance is provided on the three zones:

***Zone 1: Developing in Role = gaining experience, developing within the role and satisfactory performance.***

It is expected that the role holder is developing the competency with further learning to deliver the job role. They will consistently demonstrate high levels of adaptability and commitment as well as an understanding of the wider issues linked to their role, such that the undertaking of responsibilities clearly results in improved output and/or productivity.

**A submission confirming 'satisfactory Performance' with the line manager for the review period, will result in the maintenance of salary position. The line manager can advise on areas to develop where necessary.**

***Zone 2: Established Experience = continued good performance over time.***

It is expected that the role holder consistently achieves and sustains a good standard of skills, knowledge and behaviours, attitudes and work performance, appropriate to the role. They will meet all the key targets and objectives which includes the demonstration of high levels of adaptability and commitment as well as an understanding of the wider issues linked to their role. Such good and excellent performance across leadership competencies and delivery of role responsibilities would be significant, but not sufficient to justify moving to Zone 3.

**A submission confirming 'Fully Contributing' with the line manager for the review period will result in movement within the salary band.**



***Zone 3: Fully Established and Exceptional Performance = Sustained exceptional Performance that has gone above and beyond the normal call of duty on an on-going basis.***

It is expected that exceptional standards are delivered from the post holder on a sustained basis. In performing this range of significant and additional responsibilities, it is expected that the post holder consistently demonstrates work performance at an advanced level, always exceeding the targets and objectives of their role and demonstrating by example clear leadership and influencing skills at this level that is above expectations at the grade / role across all competencies.

The award of a salary increase will be on the basis of contribution to sustained exceptional performance within the review period. Evidence of external roles held and national representation would be typically required.

The role holder consistently undertakes a wide range of significant additional responsibilities above those expected within Zone 2. It is expected that the post holder will consistently demonstrate performance at an exceptional level. Targets are consistently exceeded and all core competencies at this grade are continually demonstrated at an exceptional level.

**A submission confirming 'Exceptional Performance' with the line manager for the review period will result in movement within the salary band. Zone 3 may be used for market retention.**

An individual is positioned in the relevant salary band according to capability, is assessed annually against the expectations, and may be progressed through the zones. The University's leadership competencies are the basis of the assessment of performance of 'holders of senior posts'.

Pay progression through the relevant salary band will reflect an increased level of contribution. Any progression within and between zones is not consolidated into the individual's salary until such time as they have demonstrated the increased level of contribution for three years (the three years need not be consecutive).

Annually, the Committee receives a pro forma report from the Vice-Chancellor on the performance of each of the 'holders of senior posts' for whom s/he is the line manager and from the Chair to the Court on the performance of the Vice-Chancellor. The pro forma includes a recommendation of the zone in which the line manager considers the individual should be positioned.

#### 5.4. Senior team recognition scheme

The Senior Team Recognition Scheme is a framework to recognise the collaborative efforts of 'holders of senior posts'. The Scheme is based on a qualitative judgement informed by pre-defined transparent quantitative information (metrics) and will only be used in situations where there is justifiable and evidenced exceptional corporate performance.

The Scheme uses the University's strategic objectives, as reported in the monthly 'management information pack' as the metrics for gauging the collaborative performance of 'holders of senior posts'.

The annual amount to be paid to each individual, if team performance is evidenced, is reviewed and set by the Committee on an annual basis. The current amount that would be payable is £5,000 per individual.

#### 5.5. Income derived from external activities

External work which is supportive of and related to an individual's professional responsibilities is encouraged by the University. However, the principle of exclusivity of service applies to all staff at the University, and as such, it is not expected for any member of staff to undertake any additional paid work that may conflict with their contract with the University.

Before a 'holder of a senior post' enters into an obligation to undertake any external work, including consultancy, they must inform and obtain permission from their line manager. This permission should be sought and confirmed in writing, and will include confirmation as to whether or not any income derived from such external activities is payable to the individual or to the University. The line manager will take a decision on income derived from external activities on a case by case basis.