

REMUNERATION COMMITTEE

12 SEPTEMBER 2024

REDACTED MINUTES FOR PUBLICATION

A meeting of the Remuneration Committee was held remotely via Zoom videoconferencing on Thursday 12 September 2024 from 10.00am-12noon.

Present: Graeme Scott [GS] Honorary Treasurer and Chair
Amanda Clack [AC] Chair of the Board of Trustees
Adam Denton [AD] Student Trustee Observer
Stephen Jackson [SJ] Vice Chair of the Board of Trustees

Apologies: Jane Fawkes (University Secretary) [JEF]
Andy Macdonald [AM] External Representative

In Attendance: Lyndsay Hughes (note taker) [LH]
Ashley Wheaton (Vice Chancellor) [AW] – up to end item 4.1 only
Lisa Wilks (HR Director) [LW]

0466 **1.1/ DECLARATION OF ANY CONFLICTS OF INTEREST**

0467 There were no conflicts of interest declared though it was noted that Ashley Wheaton would leave the meeting for item 4.2.

0468 **1.2/ APOLOGIES FOR ABSENCE**

0469 There were apologies for absence from Andy Macdonald, but the Committee noted that he had provided comments in advance of the meeting that would be taken into account at the relevant items. In addition, Jane Fawkes (University Secretary) would not be in attendance to observe any of this meeting due to annual leave.

0470 **1.3/ MINUTES OF THE MEETING HELD ON 18 OCTOBER 2023**

0471 The minutes of the Remuneration Committee held 18 October 2023 (paper 1.3) were **APPROVED** as a true record and signed by the Chair of the Remuneration Committee. The proposed redactions from these minutes were approved ahead of being published on the UCEM website.

0472 **1.4/ MATTERS ARISING AND ACTIONS SUMMARY**

0473 The Committee **NOTED** all the outstanding actions agreed by the Committee have all been closed.

0474 **2.1/ ROLE AND REMIT OF THE REMUNERATION COMMITTEE**

0475 The Committee was reminded of its role through consideration of its Terms of Reference, the requirements of the Office for Students Accounts Direction and the CUC Higher Education Remuneration Code guidance provided in papers 2.1a, 2.1b and the link to the CUC Higher Education Senior Staff Remuneration Code. The Committee **NOTED** that its deliberations will be transparent to the wider Board and that minutes (with redactions) will be published on the UCEM website. The Committee also **NOTED** that full transparency is driven by the Office for Students Conditions of Registration and the requirement to publish a pay transparency justification statement and a pay multiples submission later in the year.

0476 REDACTED

0477 The Committee also commented that item 2.6 in the Terms of Reference, annual updates on pensions, had not been covered in recent years. LW commented that this has only been reported where significant changes in policy are made and was only really relevant in this context. The October discussion should therefore also consider whether to make any update to this point.

ACTION: Defer the approval of the Remuneration Committee Terms of Reference to the October meeting pending further consideration REDACTED and point 2.6 on annual pensions report. [JEF]

0478 The Committee **NOTED** the context in which it is empowered to make decisions on remuneration of key roles at UCEM and **NOTED** the relevant guidance provided.

0479 3.1/ STAFF REMUNERATION AND REWARD

0480 Lisa Wilks reminded the Committee that the Board of Trustees had approved, on 11 July 2024, the budget for 2024-25. Paper 3.1 outlined how the Executive plans to allocate this budget towards staff pay review in 2024 across three elements. The first element is a 3% pay increase for all staff (where conditions relative to performance and length of service are met). Secondly, during 2023-24 REDACTED (including Executive Team and Hong Kong in the core Group 1 staff pool, circa 285 employees) for performance related bonuses was accrued to be distributed against a five-point graded performance score for all staff (due to be paid in October 2024 and currently being finalised by the Executive Team). REDACTED The package of awards applies to UCEM's core group 1 employees only (not Associate Lecturers, for example, who are typically paid set rates for specific work they are contracted to undertake). Anyone leaving UCEM or considered performing below a level 3 will not be eligible for a pay increase or a bonus.

0481 REDACTED

0482 REDACTED

ACTION: Develop a UCEM pay banding model to replace the external lower quartile benchmarks, and which allows for a more dynamic and ambitious allocation of pay award budgets, with a roadmap of how to put this into operation over the next few years (all part of the HR Strategy). [LW]

0483 The Committee **NOTED** and endorsed the pay review process and allocation for UCEM staff for 2024, agreeing that a UCEM pay model and associated strategy must be developed for the future.

0484 **3.2/ FINAL UCEM SABBATICAL LEAVE POLICY**

0485 Lisa Wilks presented to the Committee the final Sabbatical Leave policy (paper 3.2 and 3.2a) which had been requested by the Committee in 2022 and which was discussed in September 2023 with guidance and advice offered from the Committee. Further refinements were made, and the policy launched to staff in early 2024.

0486 The Committee asked for clarity on which policy would take precedence between the car scheme and the sabbatical policy if both came into play for any given individual. LW confirmed that UCEM would seek to delay a sabbatical until a car agreement ended given that the full financial risk would be to UCEM.

0487 The Committee queried the degree to which there is institutional awareness of the policy, given there had been no uptake or even enquiry since its launch. LW confirmed it has been promoted as part of the Benefits work more generally but agreed she could re-promote particularly to the academic staff. LW also confirmed there had been no staff requests for non-paid leave either.

0488 The Committee **NOTED** the final Sabbatical Leave Policy now in place for all staff but that no requests for such leave had as yet been made.

0489 **4.1/ THE VICE CHANCELLOR'S PROPOSALS FOR EXECUTIVE TEAM REMUNERATION AND REWARD FOR 2023-24 and 2024-25**

0490 Ashley Wheaton proposed pay awards and bonus payments for the Executive Team in line with awards being made to all staff, with the approved Executive Team Performance Award (ETPA) bonus scheme and with relevant benchmarking data (paper 4.1, 4.1a, 4.1b and 4.1c), for approval by the Remuneration Committee. Proposals for 3% pay uplifts align with those being made to all UCEM staff and all proposals for bonus awards align with the budgets approved by the Board for the year. AW also advised that the proposals conform to the terms of the ETPA: 70/30 split between collective performance on the delivery of the CX9 and individual performance rated against the institutional 5-point performance scale.

0491 AW advised his proposals reflect the exceptional year of delivery of the core institutional metrics, particularly the financial performance in a challenging external context, and his view that awarding the full allocation against this was fair. The only metric falling outside of this strong performance was the Qualification Achievement Rate but this is not wholly in UCEM's own control and influence and UCEM has still performed far better than its next nearest competitor. AW also commented that the benchmarking data provided supports the 3% pay rises. **REDACTED**

0492 There had been one minor update since the publication of the papers and that was to account for the figures for Jane Fawkes being pro-rated against the part of the year where she still worked full time before going to part-time hours. Figures for Lynne Downey will also be rounded.

0493 **REDACTED**

0494 The Committee also queried again the timing of these awards being made relative to the final sign-off of the audited accounts in late November. LW was asked to review the timings and criteria within the process for 2025/beyond and for 2024 at least to seek to provide some additional comfort on the financials when the final re-

approval of the following decisions is made at the Remuneration Committee in October 2024.

ACTION: Review the timings and processes associated with the Executive Team Performance Award and whether this should better align to the final approval by the Board of the audited Financial Statements and Accounts for the year. [LW]

0495 REDACTED

0496 REDACTED

0497 REDACTED

0498 REDACTED

0499 REDACTED

0500 The Committee **NOTED** that the extensive benchmarking data provided was very helpful. The Committee also **NOTED** that it would have an opportunity to finalise the performance-based bonus recommendations and approvals, if necessary, at the October 2024 Committee meeting when the final financial results for the year are complete. The Committee also **NOTED** that the total budget impact of these awards relative to 2023-24 were all within agreed and approved budgets. REDACTED Finally, the Committee **NOTED** that, in taking these decisions on remuneration and bonuses, where any basic salary over £100,000 per annum or total remuneration package now exceeds £100,000 per annum, UCEM will be required to disclose this in accordance with the relevant OfS accounts direction.

ACTION: Process the remuneration adjustments for the Executive Team in the September 2024 payroll, backdated to August 2024 and the bonus payments in November 2024, pending Remuneration Committee final confirmation (for bonuses) in October 2024. [LW]

0501 Ashley Wheaton left the meeting at the conclusion of this item.

0502 4.2/ PROPOSAL FOR THE REMUNERATION AND REWARD OF THE VICE CHANCELLOR FOR 2023-24 and 2024-25

0503 The Chair of the Board of Trustees introduced papers 4.2, 4.2a and 4.2b which provided proposals on the reward for the Vice Chancellor for 2023-24 (bonus) and 2024-25 (pay). This was in the context of benchmarking information and performance information, in order for the Committee to agree any pay award and annual bonus for the Vice Chancellor and to agree how the Vice Chancellor's performance will be measured in 2024-25.

0504 The Committee **NOTED** that the Vice Chancellor is currently in receipt of a basic salary of £230,554 per annum. The contract of employment contains provision for a discretionary annual bonus of such amount as the Board may determine.

0505 The Committee established clear metrics for the award of any bonus to the Vice Chancellor for the 2023-24 year which were focused on four areas of work. These areas were: 1) operational and overall business performance based on the CX9 targets; 2) strategic priorities around development of a financial resilience strategy,

an estate strategy, university title, delivery of GLOBE Stage 2 and remaining in the 30% Club at Board level; 3) increasing the profile and brand of UCEM; and, 4) personal development. There is no established compensation scheme for the Vice Chancellor relative to differentiated performance within each of these areas, and nor is the award of a bonus in his contractual terms.

- 0506 The Committee considered feedback from the Chair of the Board on the Vice Chancellor's performance (paper 4.2), on the self-assessment of the Vice Chancellor against his agreed metrics (paper 4.2a) and the Director of HR's data on current remuneration and benchmarking (paper 4.2). The Director of HR did not make any recommendation to the Committee on the remuneration and reward it could/should make to the Vice Chancellor for the 2023-24 or 2024-25 year, this was provided solely by the Chair of the Board of Trustees.
- 0507 REDACTED
- 0508 The Chair introduced her thoughts on the Vice Chancellor's performance for the year as per paper 4.2.
- 0509 The Chair proposed a 3% rise in line with the wider staff body is appropriate REDACTED.
- 0510 The Committee held a robust and detailed discussion on the proposals from the Chair and with full consideration, particularly taking into account REDACTED
- 0511 The Committee **APPROVED** a 3% basic salary rise (in line with that awarded to all staff and within the approved budget) taking the Vice Chancellor's actual basic salary from £230,554 to £237,471 from 1st August 2024 (paid September and backdated).
- ACTION: Process the basic salary adjustment for the Vice Chancellor in September 2024 backdated to August 2024. [LW]**
- 0512 The Chair of the Board proposed a bonus recommendation for the Vice Chancellor of **£40,000** (approx. 17%) as a **fixed amount** for 2023-24. (Note: 2023 bonus fixed amount was also £40,000). This recognises REDACTED
- 0513 REDACTED The Committee **APPROVED** a performance-related fixed-sum bonus of £40,000 for the Vice Chancellor for the 2023-24 year to be paid in November 2024 REDACTED
- ACTION: Inform the Vice Chancellor of the decisions of the Committee regarding remuneration and reward for the 2023-24 and 2024-25 year. [AC]**
- ACTION: Process the bonus payment for the Vice Chancellor in November 2024 following the October Remuneration Committee, at which a final opportunity to review and confirm these decisions will be available. [LW]**
- 0514 AC advised that the objectives for 2024-25 were still in the process of discussion between AC/AW and **AGREED** to work with the Vice Chancellor over the next month to set objectives for the year ahead which will be shared with the wider Committee by the next meeting. It was suggested that some thought might be given to formalising a performance award scheme or the Vice Chancellor in the same way as

the Executive Team now have a formally constituted scheme; this would consider breaking objectives down and assigning potential bonus allocation. The Director of HR was asked to pursue this action with the Chair of the Board and the Chair of Remuneration Committee.

ACTION: Share the agreed performance targets and metrics for the Vice Chancellor for the 2024-25 year with the wider Committee in October 2024 once agreed. [AC]

ACTION: Share proposals for a more structured approach to performance award for the Vice Chancellor in line with the agreement of performance targets and metrics for the Vice Chancellor for 2024-25. [GS/AC/LW]

0515 The Committee **AGREED** that UCEM should accrue the average of the last three-years of bonus payments to the Vice Chancellor's for potential bonus in 2024-25.

0516 The Committee recognised that its decisions for the remuneration and reward for the Vice Chancellor would be fully and publicly available for scrutiny with the finalisation of UCEM's Financial Statements and Accounts for 2023-24 and the OfS Financial Return.

0517 5.1/ ANY OTHER BUSINESS

0518 The Clerk to the Board advised that the Director of HR would no longer be available to attend the next scheduled meeting of the Committee on 23 October 2024 due to an unavoidable HR matter. It is proposed to shift the meeting to 10.30am on Friday 25 October 2024 and reduce its scheduled time to just 30 minutes which will be more than sufficient to conclude the necessary business. Members confirmed they could be available at this date time.

ACTION: Update the next Committee meeting date/time from Wednesday 23 October 2024 to Friday 25 October 2024. [LH]

0519 Prior to having left the meeting at the end of item 4.1, the Vice Chancellor provided an update on the recruitment of a new COO. The Vice Chancellor met with a candidate this week and will be proceeding to an interim but short-term appointment immediately. REDACTED

0520 No other matters of business were raised. The Chair thanked LW and the wider team for all the work put into preparing for the meeting and the matters discussed. The Chair then closed the meeting at 11.17am.

0521 The date and time of the next Remuneration Committee meeting will be confirmed for Friday 25 October 2024 at 10.30am.

Signed:



Name: Graeme Scott

Position: Chair, Remuneration Committee

Date: 23 February 2025

