

University of Cumbria
REMUNERATION COMMITTEE
Annual Report to the University Board 2021/22

Introduction

1. This report covers the work of the Remuneration Committee for the financial year 2021/22 and includes work performed up to the date of this report.
2. The Committee considered the full range of issues appropriate to its terms of reference and responsibilities. The Terms of Reference for the 2021/22 Academic Year are attached at Appendix A.
3. The Terms of Reference for the Committee were updated for 2021/22 Academic Year, the key change being to include the University Secretary explicitly within the Committee's Terms of Reference.
4. This report from the Remuneration Committee to University Board, has been produced in line with best practice and as required to comply with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code.
5. The Vice Chancellor, Chief Operating Officer, Deputy Vice Chancellor (Academic) and Deputy Vice Chancellor (Health Environment & Innovation) were the senior post-holders at the University through 2020/21.

Membership

6. The members of the Committee in 2021/22 were:

Mrs Jill Johnston (Chair)
Ms Fiona Aiken
Rev'd Canon Cameron Butland
Mr Martin Williams
Mr Peter Yates

All the Directors who were members of the Committee were formally appointed by the University Board. Their appointment to the Committee was coterminous with their period of office as Directors.

7. The secretary to the Committee was the University Secretary, Dr Jean Brown.

Meetings

8. The Committee held two meetings during the period, on 30 September 2021 and 23 February 2022. Attendance overall was 100%.

Member	30 September 2021	23 February 2022
Mrs Jill Johnson	Y	Y
Ms Fiona Aiken	Y	Y
Rev'd Canon Cameron Butland	Y	Y
Mr Martin Williams (Chair)	Y	Y
Mr Peter Yates	Y	Y

9. The Vice Chancellor was in attendance at the meetings as set out below, in addition to the Secretary to the Committee. The Vice Chancellor left the meeting at all times when her remuneration or performance was under discussion.

In attendance	30 September 2021	23 February 2022
Dr J Brown	Y	Y
Professor J Mennell	N	Y

Business of the Committee

10. A key aspect of the work of the Committee in 2021/22 was in relation to the Remuneration of the Vice Chancellor. Other aspects of the Committee's work are detailed below.
11. At its February 2022 meeting the Committee received an update on VCE roles and succession planning.
12. The Committee received a paper on honoraria paid to staff across the University, with it noted that they were used in a very limited manner
13. The Committee reviewed and approved its annual report to the Board for 2020/21.
14. In year decisions were made via e-mail circulation as follows:
 - Agreement of a settlement agreement for a Corporate Leader;
 - The pay award for Corporate Leaders for 2022/23, with the Committee agreeing that the UCEA negotiated pay award for 2022/23 for staff on the National Pay Framework also be paid to staff on Corporate Leader Bands A, B and C, spine point 52, including senior-postholders other than the Vice Chancellor, and at the same time as all other staff.
 - The terms and conditions for the incoming Chief Operating Officer were approved;
 - The pay point for the Deputy Vice Chancellors was approved.

The Committee unanimously approved all decisions made in this manner; the opportunity for a meeting to discuss any aspects of concern was offered in all cases.

Approach to Remuneration

15. The Committee takes a holistic approach to setting the remuneration of the Vice Chancellor and senior post holders, taking the responsibilities of the job, institutional and personal performance, the national pay agreement, the external environment and comparative information into account in the decision making.
16. The Committee considers the balance that is required between recruiting, retaining and rewarding the best staff for the institution and its key stakeholders, while demonstrating effective use of resources.
17. Performance of the individual cannot be wholly separated from that of the institution, however well-articulated personal objectives enable the individual's contribution and leadership to be appropriately balanced against the institutional performance metrics. Established processes are in place for setting objectives for the Vice Chancellor and all staff across the institution. Performance against these objectives is reviewed regularly through a Personal Development and Performance Review process. The Vice Chancellor's objectives reflect the ambition of the University's Strategy and the objectives articulated within the Annual Operating Plan.
18. The Remuneration Committee is keen to ensure that the reward mechanisms used by the institution are fair across all staff groups. The People Performance and Culture Committee oversees the policies and practices with respect to the majority of the University's staff, with the Remuneration Committee being provided with information on the national pay and grading framework and nationally agreed pay awards. The Remuneration Committee also approves the framework for staff whose remuneration lies between the national pay framework and that of the senior post holders.

19. The starting point for discussions of the Vice Chancellor's and senior post-holder's pay, presuming performance does not warrant withholding any increase, is the nationally agreed pay award. Where this award is made to staff, and when it is made, is usually reflected in the agreement for senior post-holders.
20. The Remuneration Committee is provided with a report from the Chair of the Board that sets out how the Vice Chancellor has performed against her objectives for the year. In addition, the Committee receives a report from the Chair of the Board that provides further context for its decision making, including reference to the feedback received in the one to one discussions held by the Chair with each member of University Board on an annual basis where, amongst other matters, the performance of the Vice Chancellor is discussed.
21. Relevant comparative data is used in the setting of the Vice Chancellor's remuneration, as reported to the Committee by the University Secretary. The comparative data report draws on the Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the detailed information provided by the Committee of University Chairs' Vice-Chancellor Salary Survey. The Committee is provided with information relating to institutions and groups of institutions of relevance to the University, for example, those with similar turnover (higher and lower than the University).
22. Comparison of the Vice Chancellor's salary and total remuneration to the median of all staff is a requirement for the sector from the Office for Students. The data for the University of Cumbria for 2021/22, using the definitions set out in the Office for Students Accounts Direction, is as follows:
 - The Vice Chancellor's basic salary is 6.0 times (2020/21: 5.8) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
 - The Vice Chancellor's total remuneration is 7.5 times (2020/21: 6.5) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The Vice Chancellor's Remuneration

23. As detailed in the 2020/21 Annual Report from Remuneration Committee to University Board, the Vice Chancellor's remuneration for 2019/20 was complicated by the sudden outbreak of the Covid pandemic, and the ensuing financial uncertainty across the whole higher education sector. This meant that, at the Vice Chancellor's own request, pay increases for 2019/20, that had been recommended for her by the Remuneration Committee, were not implemented.
24. In 2020/21 all of the University's staff were covered by a pay freeze, and the Vice Chancellor asked to be treated in the same way.
25. At its September 2021 meeting, Remuneration Committee agreed that the University now needed to determine a 'steady state' salary for the Vice Chancellor's role, so that this could become the baseline for the future. The Committee took into account its recommendations and discussions for the 2019/20 and 20/21 years. It also looked at senior remuneration data from across the higher education sector, while noting that this did not provide a solid platform for benchmarking.
26. The Committee agreed that the offer made to the Vice Chancellor for 2019/20 should be re-offered - i.e. a salary increase of £12,000; she should also be offered the pay award made to all staff for 2021/22. With rounding this amounted to a salary of £207k for 2021/22, to be backdated to 1 August 2021.
27. The Vice Chancellor's total remuneration for 2020/21 and 2021/22 academic years is set out in the table below:

Vice Chancellor's remuneration	2021/22	2020/21
Salary	207,000	194,998
Performance related pay	0	0
Benefits	0	0
Subtotal	207,000	194,998
Pension costs	49,018	46,176
Total	256,018	241,174

Justification for the Vice Chancellor's Remuneration

28. The Financial Statements for 2021/22 require a note providing the justification of the Vice Chancellor's remuneration for that year. The note is included here for completeness (paragraphs 29 to 34 inclusive).
29. The University has adopted the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, published in June 2018, in full. One aspect of this, the annual Remuneration Committee report to the Board for the 2021/22 financial year, can be found [here](#). In line with the publication requirements of the Office for Students' Accounts Direction, the element of this report that covers the process for setting the Vice Chancellor's remuneration and the justification of this remuneration is set out below.
30. When determining the initial remuneration package for the Vice Chancellor on appointment in 2016, the Remuneration Committee took account of the university's circumstances, and noted a range of comparative data on remuneration of vice chancellors elsewhere in the sector.
31. Since her appointment Remuneration Committee have taken the starting point for the annual review of the Vice Chancellor's remuneration to be the nationally agreed pay award. The Committee has then taken a range of inputs into account in determining any additional uplift – these have included: comparative data from the Universities and Colleges Employer Association's Senior Staff Remuneration Survey; detailed information provided by the Committee of University Chairs' Vice-Chancellor Salary Survey; the external operating environment; plus the performance of the Vice Chancellor and the university over the past year.
32. The mechanism adopted to judge the performance of the Vice Chancellor is based on two processes: the first is an appraisal, between the Chair of the Board and the Vice Chancellor, on progress against her objectives for the year; the second is from interviews between the Chair of the Board and all board directors on a one to one basis, to obtain their feedback on the 'health' of the University and the contribution made by the Vice Chancellor. This is then fed into the Remuneration Committee by the Chair of the Board.
33. In determining the Vice Chancellor's remuneration for 2021/22, alongside the other considerations as set out above, the Committee took into account the recommendations and decisions made in relation to the Vice Chancellor's remuneration for 2019/20 and 2020/21. At the Vice Chancellor's own request, the pay award that the Committee had recommended for 2019/20 had been handed back at the start of the Covid19 pandemic. In 2020/21, again at her own request, she had been treated in the same way as all other staff and covered by a pay freeze. The Committee, when considering its recommendations for 2021/22, agreed that the recommendation made in 2019/20 be repeated i.e. a salary increase of £12,000, plus the pay award made to all staff for 2021/22. With rounding this amounted to a salary of £207k for 2021/22, to be backdated to 1 August 2021.
34. The Committee considered that this was a reasonable 'steady state' salary for the role, and

should serve as the baseline for the future. The Committee will continue to review the salary annually.

External Appointments and Expenses

35. The Vice Chancellor's contract specifies that 'The Vice-Chancellor may undertake occasional additional duties for the University, or other external bodies provided that she obtains the prior written consent of the Chair of the University Board to do so and subject to annual review. The Chair shall report all such matters to the Remuneration Committee. Any remuneration payable to the Vice-Chancellor by such external bodies may be retained by her, but shall be reported annually by her in writing on a confidential basis to the Chairman of the Board, who may from time to time initiate a review of the extent and suitability of these additional duties.'
36. In 2021/22 the Vice Chancellor was not in receipt of any income from external appointments.
37. All members of University staff, including the Vice Chancellor, follow the expenses policy that can be found on the internal Staff Hub. The Quick Guide is attached at Appendix B, the full document will be provided on request. Expenses incurred by the Vice Chancellor in 2021/22 amounted to £4,577.

**UNIVERSITY OF CUMBRIA
UNIVERSITY BOARD OF DIRECTORS**

REMUNERATION COMMITTEE

TERMS OF REFERENCE AND MEMBERSHIP

The Remuneration Committee is responsible to the Board of Directors for discharging its responsibilities with respect to the remuneration and terms and conditions of employment of the Vice Chancellor, senior post holders, University Secretary and posts designated as Corporate Leaders and those on point 52 of the pay spine, while there remain staff in post on this point.

The University has adopted the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code in full. Remuneration Committee is responsible for ensuring that the Code is complied with, both to the letter and in the spirit with which it undertakes its duties.

The University has adopted the CUC 'Guidance on Decisions taken about Severance Payments in HEIs'. Remuneration Committee is responsible for ensuring that the Guidance is complied with.

Remuneration Committee should have oversight of the remuneration and terms and conditions of employment of all other staff at the University, as determined by the People, Performance and Culture Committee of the Board of Directors, to ensure that it undertakes its work within the context of the institution as a whole.

Terms of Reference:

1. To determine and review the remuneration, terms and conditions (and, where appropriate, severance payments) of the Vice Chancellor, other 'senior post holders' as the University Board of Directors deems appropriate and the University Secretary.

'Senior post holders' must include the Vice Chancellor and should include the most senior roles in the institution. The staff defined as 'senior staff' by the Office for Students' Accounts Direction must also be included. The senior posts, and post holders, should be listed as an appendix to these Terms of Reference and updated as and when necessary.
2. To approve the pay and grading framework for Corporate Leader posts and point 52 of the pay spine and to keep its implementation under review.
3. To approve and review the terms and conditions for Corporate Leader posts and point 52 of the pay spine.
4. To approve, on the recommendation of the Vice Chancellor, the pay award proposals for Corporate Leader posts and point 52 of the pay spine.
5. To seek comparative information on salaries and other benefits and conditions of service in the higher education sector (such as the CUC and UCEA).
6. To receive sufficient information on the pay and grading framework for all staff at the University not within the Committee's remit, their terms and conditions and their remuneration, including pay awards, to set its work in the context of the institution as a whole.
7. To advise and make recommendations to the University Board of Directors, after consultation with holders of senior posts, rules and procedures for the suspension or

dismissal of holders of senior posts and for the consideration of appeals against dismissal.

8. If considering severance arrangements for senior staff, the Committee must comply with the guidance issued by the CUC. Alongside this, the Committee must represent the public interest and avoid any inappropriate use of public funds, taking care not to agree to a severance package which staff, students and the public might deem excessive.
9. To provide an annual report from the Committee to the University Board of Directors, to include the proposed annual statement, as required by the CUC Senior Staff Remuneration Code. The annual report to be consistent with the guidance provided in the CUC Senior Staff Remuneration Code.

Appendix A - Senior post-holders as at September 2021:

Vice Chancellor – Professor Julie Mennell

Chief Operating Officer – David Chesser

Deputy Vice Chancellor (Academic) – Professor Rob Trimble

Deputy Vice Chancellor (Health Environment & Innovation) – Professor Brian Webster-Henderson

Frequency of Meetings:

The Committee will meet at least once per annum.

Membership:

The Chair of the Board of Directors should not Chair Remuneration Committee, but must be a member of the Committee.

Directors:

Chair (to be a Director)

4 x Directors (who shall normally include the Chair of the University Board and the Chair of the People Performance and Culture Committee of the Board)

In attendance (where the business of the Committee is not of direct relevance to themselves):

- University Secretary (Secretary to the University Board of Directors)
- Vice Chancellor

Quorum: A minimum of three members shall be present.

External Advice:

The Committee is authorised by the Board of Directors to obtain external independent advice, and to secure the attendance of non-members with relevant experience and expertise if it considers it necessary, normally in consultation with the Chair of the Board of Directors.

University Secretary
November 2021

Appendix A: Senior Posts:

The Articles of Association define senior posts as 'the post of Vice-Chancellor and such other senior posts of the University as the Board of Directors shall from time to time determine'.

The duties of the Board include:

- 'the determination of the Senior Posts save that the Vice-Chancellor shall always be a Senior Postholder'
- 'the appointment, appraisal, discipline, suspension and dismissal and the determination of the grading, pay and conditions of service of the holders of Senior Posts'

The Board cannot delegate:

'the appointment of the Vice-Chancellor and/or other holders of Senior Posts and appeals against dismissal of the Vice-Chancellor and/or other holders of Senior Posts'

In addition to the requirements of the Articles, the Office for Students' Accounts Direction sets out requirements for staff defined as 'senior staff' – currently they only include the Vice Chancellor in this definition, but this may be expanded. It may be that any such change requires a change to the roles listed in due course.

Appendix B – Expenses Quick Guide – the full document will be provided on request (links are to the Staff Hub)

Expenses Quick Guide

The full Expenses Policy and Procedures is available [here](#) and provides detailed guidance on spend covered by this, whilst the Procurement Card Policies and Procedures available [here](#) may also be useful regarding purchases which are not claimable as expenses. The expenses process is for reimbursement of costs incurred in relation to business travel and subsistence only. Where spend outside of this area has been incurred, please contact the Payroll Manager for further guidance.

Claim Overview		
Subject	Restrictions	Claim Limit
Hotels	<ul style="list-style-type: none"> - Should not be required when commuting between campuses in the north of England, and are acceptable only where meetings or functions end after 9pm or begin before 8am the next morning - Bookings at or near your normal place of work are only acceptable in very limited circumstances – Please contact the Payroll Manager if this will be required 	<ul style="list-style-type: none"> - Outside of London: £80 per night - London: £120 per night
Meals: Breakfast	<ul style="list-style-type: none"> - Can be claimed if staying overnight or if travelling to an organisation or campus (except base campus) which means leaving home before 6:30am 	<ul style="list-style-type: none"> - Up to £5.00
Meals: Lunch	<ul style="list-style-type: none"> - Can be claimed if out of the office and not at another University campus during the day 	<ul style="list-style-type: none"> - Up to £5.00
Meals: Evening Meal	<ul style="list-style-type: none"> - Can be claimed if staying overnight or if travelling from an organisation or campus (except base campus) means returning home after 8pm - No alcohol or tips can be claimed 	<ul style="list-style-type: none"> - Up to £15.00
Mileage	<ul style="list-style-type: none"> - Travel in a personal vehicle is only permitted with appropriate business insurance in place - To be used only where public transport or a hire vehicle is not practical - Is not acceptable for journeys of over 100 miles (one-way) or total mileage of over 200 miles in one day 	<ul style="list-style-type: none"> - Cars, up to 10,000 miles: 30p per mile - Cars, over 10,000 miles: 25p per mile - Car passengers: 5p per mile - Motorcycles and bikes: 20p per mile
Taxis	<ul style="list-style-type: none"> - Journeys of under 5 miles where public transport is unavailable and walking or cycling are not appropriate 	
Train Travel	<ul style="list-style-type: none"> - Booking and credit card fees will not be reimbursed 	<ul style="list-style-type: none"> - Standard class only

Key Points

Authorisation	Expenses should not be incurred without authorisation in advance, but submitted expense claims will be sent to your line manager for authorisation.
Exceptions	Where an expense claim does not comply with policy, justification for this must be provided with the claim - An example of this is a late booking of a hotel where the cost restrictions could not be complied with.
Payment	Expense claims authorised by the 10 th of the month, excepting in December and at Easter when payroll deadlines may be earlier, will be included in the current month's payroll. Claims authorised after this time will be paid in the following month. Where an expense claim is found following payment to be in breach of policy, this will be deducted through payroll.
Procurement cards	Should be used in the first instance, in particular for hotel and train bookings, and always for air travel.
Queries	Should be directed in the first instance to the Payroll Manager. Where a cost is not covered by this policy, early discussion of the best way to procure may avoid additional charges.
Receipts	Are required for all expenses incurred excepting mileage. Where a receipt has been lost, a card receipt where possible and evidence of the item cost as well as an explanation should be provided.
Time limits	Expenses should normally be submitted within 30 days and must be authorised within 3 months to ensure payment.
Travel	Should be avoided where possible, for example using Skype or video conferencing. Where travel is necessary, public transport should be considered in the first instance. Train bookings should where possible be made using a procurement card or through the Ordering Team, and air travel cannot be claimed through expenses.

Roles and Responsibilities	
Submitter	<ul style="list-style-type: none"> - Accurately complete claims within one month of costs being incurred - Attach receipts to all claims excepting mileage - Provide accurate costing information for claim - Provide explanations for any exceptions to policy
Authoriser	<ul style="list-style-type: none"> - Confirm that spend is approved, where necessary confirming this with the budget holder - Check that expenses are within policy and that explanations are provided for any exceptions - Check that all required receipts are available, and that costs match claim and do not include out of policy items - Authorise or reject claims as appropriate
Payroll	<ul style="list-style-type: none"> - Process payment of authorised claims, returning for review any which are outside of policy and where explanation is insufficient - Complete spot checks on receipts provided