

University of Cumbria
REMUNERATION COMMITTEE
Annual Report to the University Board 2020/21

Introduction

1. This report covers the work of the Remuneration Committee for the financial year 2020/21 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 2020/21 Academic Year are attached at Appendix A.
3. The Terms of Reference for the Committee were updated for 2020/21 Academic Year, key changes being to reflect changes to the Senior Posts detailed 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 2020/21 were:

Mr Martin Williams (Chair)
Mr Geoff Donnelly
Mrs Jill Johnston
Ms Jill Stannard (until 12 April 2021)
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 5 October 2020 and 8 July 2021. Attendance overall was 100%.

Member	5 October 2020	8 July 2021
Mr Martin Williams (Chair)	Y	Y
Mr Geoff Donnelly	Y	Y
Mrs Jill Johnson	Y	Y
Ms Jill Stannard	Y	N/A
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	5 October 2020	8 July 2021
Dr J Brown	Y	Y
Professor J Mennell	Y	Y

Business of the Committee

10. A key aspect of the work of the Committee in 2020/21 was in relation to the Remuneration of the Vice Chancellor. Other aspects of the Committee's work are detailed below.
11. At its October 2020 meeting the Committee agreed that the sector pay freeze for those on the national pay framework also be applied for staff on Corporate Leader Bands A, B and C, spine point 52 and senior post-holders for 2020/21, other than in circumstances where staff may receive an award. No pay award was given to any staff in 2020/21.
12. At its July 2021 meeting the Committee agreed that the UCEA negotiated pay award for 2021/22 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 Vice Chancellor's remuneration for 2021/22 was agreed to be discussed at a meeting early in 2021/22.
13. At its October 2020 meeting the Committee received an update on VCE succession planning, following decisions made in 2019/20. At its July 2021 meeting the Committee looked at the responsibilities of VCE, and agreed proposals relating to VCE salaries for 2021/22.
14. The Committee received a paper on Pay Frameworks in operation at the University.
15. The Committee reviewed and approved its annual report to the Board for 2019/20.

Approach to Remuneration

16. 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.
17. 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.
18. 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 Strategic Plan and the objectives articulated within the Annual Operating Plan.
19. 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.
20. 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.

21. The Remuneration Committee is provided with a report from the Chair of the Board that sets out, in some detail, 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.
22. 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).
23. 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 2020/21, using the definitions set out in the Office for Students Accounts Direction, is as follows:
 - a. The Vice Chancellor's basic salary is 5.8 times (2019/20: 5.7) 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.
 - b. The Vice Chancellor's total remuneration is 6.5 times (2019/20: 7.0) 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.

Institutional Performance in 2020/21

24. 2020/21 has been a year of continued operations in the challenging environment brought about by the Covid19 pandemic. The financial outturn is in the process of being finalized at the time of writing, however work to date shows that the University has out performed against its financial targets and forecasts for the year. Continued progress has been made in delivering against the Strategic Plan and the annual objectives for the year, with positive outcomes in many areas. The NSS 2021 results have been disappointing, but other measures of student experience and outcomes have been more positive. Alongside, significant progress has been made in the development of new campuses for the University in Carlisle and Barrow.
25. The University's performance is documented in more detail in the Annual Report, which is approved by University Board in the November following the July year-end. Rather than repeat this overview, the report will be accessible on the University web-site [here](#) once approved.
26. The institutional performance in 2020/21 will be taken into account in decision making regarding the Vice Chancellor's remuneration effective from 1 August 2021.

The Vice Chancellor's Remuneration

27. As detailed in the 2019/20 Annual Report from Remuneration Committee to University Board, at its November 2019 meeting the Remuneration Committee awarded the Vice Chancellor a salary increase of £12,000 with a non-pensionable or consolidated honorarium of £5,000. This would have taken her salary to £203,550. The salary increase included the anticipated 1.8% pay award to staff, and an additional increase which reflected the Vice Chancellor's performance through 2018/19. This was also informed by data about the remuneration of vice chancellors in the institution's "benchmark group of universities", as agreed by the Committee. It was also agreed to pay a non-pensionable or consolidated honorarium of £5,000.

28. In March 2020 the Vice Chancellor contacted the Chair of Remuneration Committee and the Chair of the Board asking that her salary be adjusted to that of her salary for 2018/19 plus the standard pay award given to all staff. The adjustment to be backdated to 1 January 2020 and the pay award to be given in the same manner as to all staff. The Vice Chancellor also asked that her honorarium, made for her contributions during 2018/19, be reimbursed to the University. The Vice Chancellor noted that whilst she recognised that the honorarium was in recognition for her work in that period, and she appreciated recognition, she felt that this was the right thing to do. The requests were accepted and the decision communicated to members of Remuneration Committee and University Board.
29. As set out above, the outcome, following adjustments, was that the Vice Chancellor's pay award effective from 1 January 2020 was 1.8%. The award was paid from the same time and in the same manner as increases paid to all staff. The salary rise was 1.05%, equating to 7 months of the 1.8% pay award.
30. At its October 2020 meeting Remuneration Committee received a report on the Vice Chancellor's performance in 2019/20 as an input to the salary review process. The Committee heard that the Vice Chancellor wished to be treated the same as all other university staff, who were covered by a pay freeze. The Committee agreed to the Vice Chancellor's request, while noting that in a normal year she would have received a pay rise.
31. The Vice Chancellor's total remuneration for 2019/20 and 2020/21 academic years is set out in the table below:

Vice Chancellor's remuneration	2020/21	2019/20
Salary	194,998	193,561
Performance related pay	0	0
Benefits	0	0
Subtotal	194,998	193,561
Pension costs	46,176	44,686
Total	241,174	238,247

32. As set out above, the increase from 2019/20 to 2020/21 was due to the 1.8% pay rise in 2019/20 being paid from 1 January 2020 and not backdated, so while there was a 1.05% rise in 2019/20, there was a further 0.75% increase in 2020/21. The increased pension costs reflects both this and the fact that the increase in employer TPS contributions applied from September 2019 was applied for the full year for the first time in 2020/21.

Justification for the Vice Chancellor's Remuneration

33. The Financial Statements for 2020/21 require a note providing the justification of the Vice Chancellor's remuneration for that year. The note is included here for completeness (paragraphs 34 to 40 inclusive).
34. 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 2020/21 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.
35. When determining the initial remuneration package for the Vice Chancellor on appointment, 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.

36. 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 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.
37. 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.
38. As set out in the 2019/20 Annual report of Remuneration Committee to University Board, 2019/20 was a year in which the University made significant progress, however the start of the Covid19 Pandemic led to priorities being amended in the latter part of the year.
39. The value and performance of the Vice Chancellor through the 2019/20 academic year was recognised by the Directors on the Board: the report to Remuneration Committee referenced the improved position of the University over the previous twelve months and the Vice Chancellor's personal role in this was agreed by the Committee. However, in the circumstances at that point in time, with the pandemic still a major concern and UCEA having agreed a pay freeze for all spine points on the National Pay Framework, the Chair reported that he had asked the Vice Chancellor what her position was. The Vice Chancellor had clearly set out that senior staff, including herself, should be subject to the same position with respect to pay as all staff.
40. The Committee agreed to honour the Vice Chancellor's request for her salary to be frozen for 2020/21, while noting that in a normal year she would have received a pay rise.

External Appointments and Expenses

41. 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.'
42. In 2020/21 the Vice Chancellor was not in receipt of any income from external appointments.
43. 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 2020/21 amounted to £148.50.

**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 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 and other 'senior post holders' as the University Board of Directors deems appropriate.

'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 2020:

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
October 2020

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 being 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 15 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, including recouping payment where required - Provide exception reports detailing expense claims which are outside of policy and explanation is insufficient - Complete spot checks on receipts provided
Line Manager	<ul style="list-style-type: none"> - Review exception reports and follow up with submitter and authoriser as appropriate