

University of Cumbria
REMUNERATION COMMITTEE
Annual Report to the University Board 2017/18

Introduction

1. This report covers the work of the Remuneration Committee for the financial year 2017/18 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 2017/18 Academic Year are attached at Appendix A.
3. The Terms of Reference for the Committee have been updated for 2018/19 Academic Year, key changes being: an explicit statement that the University complies in full with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, published in June 2018; and that the Vice Chancellor is no longer a member of the Committee.
4. This is the first report of this form from the Remuneration Committee to University Board, it has been produced this year in line with best practice and as required to comply with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code. For the purposes of this report, the Vice Chancellor was the only senior post-holder at the University in 2017/18, this is currently under review.

Membership

5. The members of the Committee in 2017/18 were:

Mr Geoff Donnelly (Chair)
Mr Euan Cartwright
Ms Claire Hensman
Ms J Stannard
Professor J Mennell

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.

6. The secretary to the Committee was the University Secretary: Mr N Harris from 1 August 2017 until 31 March 2018; Dr J Brown from 1 April 2018 to date.

Meetings

7. The Committee held three meetings during the period, on 16 November 2017, 1 February 2018 and 5 July 2018. Attendance overall was 100%.

The Vice Chancellor left the meeting at all times when her remuneration or performance was under discussion.

Member	16 November 2017	1 February 2018	5 July 2018
Mr Geoff Donnelly Chair)	Y	Y	Y
Mr Euan Cartwright	Y	Y	Y
Ms Claire Hensman	Y	Y	Y
Ms J Stannard	Y	Y	Y
Professor J Mennell	Y	Y	Y

8. The Director of Student and Staff Services was in attendance at each meeting, in addition to the Secretary to the Committee.

In attendance	16 November 2017	1 February 2018	5 July 2018
Mr N Harris	Y	Y	N/A
Dr J Brown	N/A	Y	Y
Director of Student and Staff Services	Y	Y	Y

Approach to Remuneration

9. The Committee takes a holistic approach to setting the remuneration of the Vice Chancellor and senior post holders, taking institutional and personal performance, the national pay agreement, the external environment and comparative information into account in the decision making.
10. 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.
11. 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.
12. The Remuneration Committee is keen to ensure that the reward mechanisms used by the institution are fair across all staff groups. The Employment Policy 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.
13. 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.
14. The University does not operate performance related pay for any groups of staff, however those staff on the national pay and grading framework are able to benefit from incremental progression within their grade, as long as they are not within a formal disciplinary process. In order to provide some ability for the remuneration of the Vice Chancellor and senior post-holders to progress over and above that agreed within the national pay award, the Remuneration Committee takes an individual's performance, as measured against their personal objectives, and comparative data, as relevant, (see paragraph 15) into account when determining any uplift.
15. Relevant comparative data is used in the setting of the Vice Chancellor's remuneration, as reported to the Committee by the Director of Student and Staff Services. 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 institutions chosen to feed into the comparative data include those of similar size, those with a similar mission, and a range of institutions with

similar missions that are more established than Cumbria – so may have a larger turnover, but, from the outside at least, will have similar challenges.

16. Comparison of the Vice Chancellor's salary and total remuneration to the median of all staff is a recognised method of comparison across and within sectors. With the move to require all universities to publish this data for 2017/18 there will be richer set of comparator information in future years. The data for the University of Cumbria for 2017/18, using the definitions set out in the Office for Students Accounts Direction, is as follows:
 - a. The Vice Chancellor's basic salary is 5.7 times 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 6.0 times 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

17. 2017/18 has been a challenging year across the sector, and no less so at the University of Cumbria. Increased competition following the removal of the student number cap continues. In addition, the removal of bursaries for a range of health disciplines and the ongoing changes to teacher education have made student recruitment a resource intensive and challenging task.
18. Against this backdrop the University has been successful in turning the decline in student numbers around in many disciplines, leading to recruitment stabilising. The financial performance has been good with actual performance exceeding budget for the first time in a number of years.
19. Although there remains a gap between the institution's performance against a range of student outcome metrics and the sector average, 2017/18 saw a significant improvement in graduate destinations results with the TEF metric improving by 2.3% from 93.3% to 95.6%. Retention figures improved across University by over 2% and the vast majority of questions in NSS showed improvements, although the overall student experience metric remained as the previous year.
20. Through 2017/18 the University has made significant progress in developing partnerships with a wide range of employers, with these flowing through into students from high profile companies such as Rolls Royce and BAe Systems studying on the University's programmes. Networking in the region has also been a high priority with the University now actively involved with local MPs, the Local Enterprise Partnership and other influential individuals and entities.

Justification for the Vice Chancellor's Remuneration

21. The Financial Statements for 2017/18 require a note providing the justification of the Vice Chancellor's remuneration. The note is included here for completeness.
22. 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 2017/18 financial year, can be found here ([hyperlink](#)). 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.
23. The Remuneration Committee took a range of comparative data on remuneration of vice chancellors elsewhere in the sector into account when determining the initial remuneration package for the Vice Chancellor on appointment.
24. 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 over the past year.

25. 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.
26. The University has operated within a challenging external environment through 2017/18, with competitive pressure on student recruitment following the removal of the student number cap continuing, alongside the impact of the removal of bursaries for a range of health disciplines and the ongoing changes to teacher education. Internally there was significant focus on the implementation of the revised staffing structures and introduction of a new senior team, whilst working to improve student outcomes and experience and going through the formal scrutiny process for Research Degree Awarding Powers.
27. The value and performance of the Vice Chancellor through the 2017/18 academic year has been recognised by the Directors on the Board: the report to Remuneration Committee references her drive and enthusiasm and her contribution to 'turning around' the University in her first two years in office. She has also built a range of partnerships and networks in the region and nationally which enhance the University's contribution to its place and underpins its academic ambitions.
28. This will be taken into account in determining the Vice Chancellor's remuneration effective from 1 August 2018.

The Vice Chancellor's Remuneration

29. The Vice Chancellor's total remuneration for 2016/17 and 2017/18 academic years is set out in the table below:

Vice Chancellor's remuneration	2017/18	2016/17
Salary	185,074	181,980
Benefits	-	-
Subtotal	185,074	181,980
Pension costs	30,497	29,955
Total	215,571	211,935

30. The Vice Chancellor's pay award effective from 1 August 2017 was 1.7%, the same basic pay award for staff on the nationally agreed pay and grading framework. Due to many staff on the nationally agreed framework also receiving increments, as set out earlier in this report, the remuneration received by staff across the University increased, on average, by 3% in 2017/18.

External Appointments and Expenses

31. 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.'
32. In 2017/18 the Vice Chancellor was not in receipt of any income from external appointments.

33. 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 2017/18 amounted to £8,616, in addition to this there was a payment of £4,000 for relocation expenses.

Appendix A
UNIVERSITY OF CUMBRIA
UNIVERSITY BOARD OF DIRECTORS

REMUNERATION COMMITTEE

<p style="text-align: center;">TERMS OF REFERENCE AND MEMBERSHIP</p>

1. To determine and review the salaries, terms and conditions (and, where appropriate, severance payments) of the Vice Chancellor and other senior members of staff (designated Corporate Leader A posts) as the University Board of Directors deems appropriate.
2. To approve the pay and grading framework for posts designated Corporate Leader B and Professorial and to keep under review its implementation.
3. To approve and review the terms and conditions for posts determined Corporate Leader B and Professorial.
4. To seek comparative information on salaries and other benefits and conditions of service in the higher education sector (such as the CUC and UCEA).
5. If considering severance arrangements for senior staff, 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.
6. To report to the University Board of Directors and provide sufficient detail of the broad criteria and policies against which decisions have been made.

Membership:

Directors:

- Chair of the Board of Directors
- 3 x Directors (who shall normally be the Chairs of the University Board FRC & EPC Sub-committees and a member of Audit Committee
- Vice Chancellor

In attendance:

- University Registrar and Secretary (Secretary to the University Board of Directors)
- Director of HR

Quorum:

A minimum of three members shall be present.

Amended: 31 January 2013

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