

University of Cumbria
REMUNERATION COMMITTEE
Annual Report to the University Board 2018/19

Introduction

1. This report covers the work of the Remuneration Committee for the financial year 2018/19 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 2018/19 Academic Year are attached at Appendix A.
3. The Terms of Reference for the Committee were 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 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 and the Chief Operating Officer/Deputy Vice Chancellor were the senior post-holders at the University in 2018/19.

Membership

6. The members of the Committee in 2018/19 were:

Professor Linda Challis (Chair)
 Mr Geoff Donnelly
 Mrs Claire Hensman
 Mrs Jill Johnson
 Ms Jill Stannard

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 three meetings during the period, on 18 October 2018, 28 February 2019 and 27 June 2019. Attendance overall was 87%.

Member	18 October 2018	28 February 2019	27 June 2019
Professor Linda Challis (Chair)	Y	Y	Y
Mr Geoff Donnelly	Y	Y	Y
Mrs Claire Hensman	Y	Y	Y
Mrs Jill Johnson	Y	Y	Y
Ms J Stannard	N	N	Y

9. The Vice Chancellor and Director of Student and Staff Services were in attendance at each meeting, in addition to the Secretary to the Committee. The Vice Chancellor and Director of Student and Staff Services left the meeting at all times when the Vice Chancellor's remuneration

or performance was under discussion.

In attendance	18 October 2018	28 February 2019	27 June 2019
Dr J Brown	Y	Y	Y
Professor J Mennell	Y	Y	Y
Director of Student and Staff Services	N	Y	Y

Business of the Committee

10. The majority of the work of the Committee in 2018/19 was in relation to the Remuneration of the Vice Chancellor. Other aspects of the Committee's work are detailed below.
11. The Committee agreed to formally designate an individual to be the Deputy for the Vice Chancellor. It was agreed that Vice Chancellor would be responsible for designating the individual who was best placed to fulfil the role and that the Remuneration Committee and Board would be informed should the individual with the designation change. The Vice Chancellor designated the current Chief Operating Officer to act as a Deputy to the Vice Chancellor, and this was reported to Remuneration Committee and University Board.
12. As the role had previously been determined to be a Senior Post, in line with the definition within the Articles of Association, the Committee agreed to delegate the management of the Chief Operating Officer/Deputy Vice Chancellor to the Vice Chancellor. The Committee agreed that at the end of each academic year the Remuneration Committee should receive an overview of the performance of the Chief Operating Officer from the Vice Chancellor, who would at that time make a recommendation for any change in remuneration.
13. The Committee agreed that the pay rise awarded to those on the national pay framework also be applied for staff on Corporate Leader Bands A and B, Professoriate and Grade 10 (spine point 52) and that the timing of the pay award, and whether or not it was backdated, should be the same as for those on the national pay framework.
14. Proposals for enhancing the process of awarding honoraria for rewarding high performance for staff in Corporate Leader Bands A and B, Professoriate and Grade 10 (spine point 52) were endorsed. It was agreed that an annual report on awards made would be provided to the Remuneration Committee.
15. The Committee agreed to proposals to restructure the pay framework for roles above the national pay framework, simplifying the structure from Corporate Leader Bands A and B, Professoriate and Grade 10 (spine point 52) to Corporate Leader Bands A, B and C.

Approach to Remuneration

16. 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.
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 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.
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 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, into account when determining any uplift.
22. 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 and 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 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.
23. 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, once a consistent definition has been adhered to across the sector.
24. The data for the University of Cumbria for 2018/19, 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 (2017/18: 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 6.9 times (2017/18: 6.0) 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 staff¹.

Institutional Performance

25. 2018/19 has been a challenging year across the sector, and no less so at the University of Cumbria. As reported in 2017/18, 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.
26. Against this backdrop the University has been successful in turning the decline in student numbers around in many disciplines, leading to recruitment stabilising. Within this there are

¹ The change from 2017/18 is due in part to the fact that the Vice Chancellor received a bonus in 2018/19, the remainder is due to the sensitivity of the median to small changes in the number of staff employed in various functions, at higher or lower pay rates, in the year.

some traditional areas of the business that are continuing to see declining performance, but these are at least balanced by new areas of business where the University looks to be building a solid foundation. The financial performance has been good with the outturn being the first year to year increase in income since 2009.

27. Although there remains a gap between the institution's performance against a range of student outcome metrics and the sector average, building on the 2017/18 improvement in graduate destinations results with the TEF metric improving by 2.3% from 93.3% to 95.6%, the institutional NSS results improved from 75% in 2018 to 78% in the 2019 survey.
28. In the spring of 2019 the University was formally notified of its award of Research Degree Awarding powers, following a period of detailed scrutiny led by the QAA.
29. Through 2018/19 the University has continued to make significant progress in developing partnerships with a wide range of employers, with these flowing through into students from high profile companies such as the BBC, Rolls Royce, Sellafeld and BAE Systems studying on the University's programmes. The University has also been successful in new areas such as the delivery of Higher Level Apprenticeships in Policing.
30. Recruitment to the new senior team was completed over the winter of 2018/19, a new Institute framework was developed for the academic departments (which came into being on 1 August 2019) and a cost realignment exercise was completed to reflect the changing business of the University.
31. Networking in the region has also continued to be a high priority with the University actively involved with local MPs, the Local Enterprise Partnership and other influential individuals and entities.

Justification for the Vice Chancellor's Remuneration

32. The Financial Statements for 2018/19 require a note providing the justification of the Vice Chancellor's remuneration for that year. The note is included here for completeness (paragraphs 33 to 39 inclusive).
33. 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 2018/19 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.
34. 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.
35. 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.
36. 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.

37. The University 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.
38. The value and performance of the Vice Chancellor through the 2017/18 academic year was recognised by the Directors on the Board: the report to Remuneration Committee referenced her contribution to 'turning around' the University in her first two years in office. It also noted that she had 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.
39. The 18 October 2018 meeting of Remuneration Committee considered the inputs as set out above and agreed that the Vice Chancellor should be awarded a 3.5% pay increase to be paid at the same time and in the same manner as increases paid to all staff. This included the 2% pay award to staff, which was confirmed following the meeting, and a further increase agreed following review of the benchmark data and the reporting on her performance in year. The size of this additional increase (1.5%) was based upon the size of the additions each year to staff salaries over and above the pay award. It was also agreed to pay an honorarium of £7,500 in recognition of the activities, initiatives and outcomes in the previous year, as cited above.
40. The University has continued to operate within a challenging external environment through 2018/19, although continued progress has been made in delivering against the Strategic Plan, as set out in the Institutional Performance section above.
41. The value and performance of the Vice Chancellor through the 2018/19 academic year has been recognised by the Directors on the Board: the report to Remuneration Committee references the innovation that is underway and the substantial improvements made by the Vice Chancellor to the profile and reputation of the University.
42. This will be taken into account in determining the Vice Chancellor's remuneration effective from 1 August 2019.

The Vice Chancellor's Remuneration

43. The Vice Chancellor's total remuneration for 2017/18 and 2018/19 academic years is set out in the table below:

Vice Chancellor's remuneration	2018/19	2017/18
Salary	191,550	185,074
Performance related pay	7,500	-
Benefits	-	-
Subtotal	199,050	185,074
Pension costs	31,567	30,497
Total	230,617	215,571

44. The Vice Chancellor's pay award effective from 1 August 2018 was 3.5%. The award was paid at the same time and in the same manner as increases paid to all staff. This included the 2% pay award to staff, and an additional increase (1.5%) based upon the size of the additions each year to staff salaries over and above the pay award. The additional increase also reflected comparison with the salaries of vice chancellors in the institution's benchmark group. It was agreed to pay a non-pensionable or consolidated honorarium of £7,500 to recognize the

considerable energy and drive that the Vice Chancellor had consistently provided through 2017/18, recognising that it would take time for this to show in improved metrics, be they in relation to the financial position or student outcomes.

45. 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 3.5% in 2018/19 (3% in 2017/18).

External Appointments and Expenses

46. 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.'
47. In 2018/19 the Vice Chancellor was not in receipt of any income from external appointments.
48. 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 2018/19 amounted to £5,345.77, plus £4982.28 in relation to the expenses (flights, visas, subsistence) for an international trip to China and Malaysia to develop partnerships with various Chinese institutions and for the Vice Chancellor to preside over the FAME graduation ceremony in Kuching.

Appendix A
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 Leader A. The Committee is also responsible for the framework for the remuneration and terms and conditions of employment for posts designated Corporate Leader B, Professorial and those on point 52 of the pay spine.

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 Employment Policy 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 determine and review the remuneration, terms and conditions (and, where appropriate, severance payments) of Corporate Leader A posts, where not covered by 1 above.
3. To approve the pay and grading framework for posts designated Corporate Leader B, Professorial and point 52 of the pay spine and to keep under review its implementation.
4. To approve and review the terms and conditions for posts determined Corporate Leader B, Professorial and point 52 of the pay spine.
5. To approve, on the recommendation of the Vice Chancellor, the pay award proposals for Corporate Leader B, Professorial and point 52 of the pay spine.

6. To seek comparative information on salaries and other benefits and conditions of service in the higher education sector (such as the CUC and UCEA).
7. 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.
8. 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.
9. 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.
10. 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 2018:

- Vice Chancellor – Professor Julie Mennell
- Chief Operating Officer – David Chesser

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, normally the Deputy Chair of the Board of Directors)
- 4 x Directors (who shall normally include the Chair of the University Board and the Chair of the Employment Policy 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
- Director of Student and Staff Services

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 2018

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