MINUTES OF THE REMUNERATION COMMITTEE

22 November 2018

Attendees: Roger Holmes (Co-opted member), Ron Kerr – Chair (Lay member of the Board of Trustees), Andrew Poolman (Treasurer), Nicky McCabe (Chair of HR Committee)

In attendance: Claire Buchanan (Chief People Officer), Sarah Haworth (minutes)

Apologies: Denis Burn (Chair of the Board of Trustees)

The Chair invited Peter Smith of Korn Ferry to attend this meeting, in attendance.

The Chair invited Hugh Brady (Vice-Chancellor) and Guy Orpen (Deputy Vice-Chancellor and Provost) to attend this meeting, in attendance, for agenda items 6, 7 and 8.

1. Apologies
1.1 NOTED.

1.2 NOTED: that Andreas Raffel would become the Chair of Remuneration Committee from January 2019.

2. Chair’s Comments
2.1 CONFIRMED: that this meeting would focus on the review of Remuneration Committee.

3. Declaration of interests
3.1 NOTED: the potential conflicts of interest for senior staff in attendance for agenda items 6, 7 and 8.

4. Minutes of the last meeting
4.1 APPROVED.

5. Review of Remuneration Committee
5.1 RECEIVED: paper reference REMC/18-19/03 and REMC/18-19/04.

5.2 Peter Smith of Korn Ferry was welcomed to the meeting. Korn Ferry had been commissioned to review all aspects of the University's Remuneration Committee, to determine if it met the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code, and the Office for Students (OFS) guidance.

5.3 NOTED: that the CUC code had been drawn up in the context of recent history and guidance around senior staff remuneration was likely to evolve.

5.4 Korn Ferry had drafted a report on the findings of their review, based in the University's Remuneration Committee papers for the past three years and from discussions with the Chair of Remuneration Committee and the Chief People Officer.
5.5 CONFIRMED: that Remuneration Committee’s terms of reference, reporting and cycle of business was at the better end of the sector.

Remuneration Committee Terms of Reference
5.6 CONFIRMED: that the Terms of Reference were good but could be clearer on which staff were in remit.

Action: Remuneration Committee

Remuneration Committee Membership
5.7 CONFIRMED: that Remuneration Committee’s membership was compliant with the CUC code.

5.8 Korn Ferry was not aware of any universities in England and Wales where there was a student member on their Remuneration Committee.

5.9 AGREED: that Remuneration Committee must ensure it was transparent via its reporting.

Remuneration Committee Proceedings
5.10 CONFIRMED: that it could be clearly seen how Remuneration Committee organised its business, with flexible but clear agendas.

5.11 AGREED: that an additional Remuneration Committee meeting be convened for early 2019 in order to make progress on any actions agreed at this meeting.

Action: Committee Secretary

5.12 CONFIRMED: that it would be preferable for the business of each committee of the Board to slightly overlap, to absolutely make sure that actions were not missed.

Succession Planning and Talent Management
5.13 CONFIRMED: that Korn Ferry would expect Remuneration, Succession and Performance of the Senior Team to come to Remuneration Committee.

5.14 AGREED: that the broader University talent development framework should be within the remit of Human Resources Committee.

5.15 NOTED: that there were potential leaders at all levels of the University, and Remuneration Committee was aware that the University undertook significant work around succession planning.

Remuneration Policy
5.16 AGREED: that the University should develop a formal Remuneration Policy for staff within the remit of Remuneration Committee.

Action: Chief People Officer

5.17 AGREED: that the Chief People Officer would speak with her counterparts to ask if they would share their Remuneration Policy for Senior Staff.

Action: Chief People Officer

External Appointments
5.18 NOTED: that regulations on reporting of external appointments were not clear and so it was not possible to determine what would be considered compliant at this time.

5.19 AGREED: that Korn Ferry would review their recommendations on external appointments and to clarify good practice.

Action: Korn Ferry
Payment in Lieu of Pensions (PILOP)

5.20 CONFIRMED: that many universities were prepared to offer cash in lieu of pensions to staff who were impacted by Lifetime Allowance regulations.

5.21 Some concern was expressed by Remuneration Committee members over the principle, the calculation and the affordability of the PILOP scheme.

5.22 AGREED: to recommend that a review of PILOP be a part of the wider Pensions Review.

Action: Chief People Officer

Benchmarking

5.23 CONFIRMED: that the data the University used for benchmarking was clear.

5.24 AGREED: to look at who Remuneration Committee benchmarked with and consider other markets including international and commercial. It was noted that this work fed into succession planning.

Action: Chief People Officer

Pay Ratio

5.25 Korn Ferry recommended that Remuneration Committee awaited further guidance from UCEA on the pay ratio.

5.26 NOTED: that the pay ratio at the University was currently 8:1.

Remit of Remuneration Committee

5.27 NOTED: that OFS guidance asked for justification of salaries over £150,000.

5.28 AGREED: that in line with this, Remuneration Committee would stipulate in its terms of reference that it will have oversight of salaries of the senior team and other staff paid more than £150,000.

Action: Committee Secretary

5.29 CONFIRMED: that the national pay award was not automatic for senior staff.

5.30 CONFIRMED: that Remuneration Committee should review its own operation annually, supplemented periodically by internal audit checks or independent external examination.

Disclosure

5.31 NOTED: that there were three reporting requirements for Remuneration Committees: a) to report to the University Governing Body b) to publish a report on remuneration; and c) to publish remuneration data and a justification of the pay of the Vice Chancellor in the financial statements.

5.32 AGREED: that the Remuneration Committee Terms of Reference should state what business came to the Committee and what was disclosed.

Action: Committee Secretary

Report to the Governing Body

5.33 NOTED: that the content of Remuneration Committee’s report to the Board would evolve over the next year.

5.34 AGREED: that the key elements of the report should concern remuneration, performance and talent management.
AGREED: that the University Exec should present to the Board annually on who were the University's top talent and where there were any gaps. This would provide assurance to the Board that this work was undertaken at management level.

Published report on remuneration

AGREED: that this was an opportunity to communicate more widely the University's philosophy around transparency of senior pay and benefits

OFS requirement for financial statements

NOTED: that the OFS requirements for the financial statements was to report on base pay only, but that this might change in the future.

6. Matters in the Action Register not already discussed
6.1 RECEIVED: paper reference REMC/18-19/02.

Induction/ training for Remuneration Committee members
6.2 CONFIRMED: that is was fairly common for external advisers to brief Remuneration Committee members of part of their induction.

Web publication of Remuneration Committee minutes
6.3 AGREED: to publish a specific report on the web as opposed to the minutes of Remuneration Committee meetings.  
Action: Committee Secretary

Equality and Diversity
6.4 AGREED: that Remuneration Committee needed to continue to take into account EDI benchmark data in all decisions it made.

6.5 AGREED: that the Gender Pay Gap report which was signed off by HR Committee, should be shared by the Chair of Remuneration Committee before it was published.  
Action: Committee Secretary

6.6 Peter Smith was thanked for his work.

7. Severance Pay
7.1 RECEIVED: paper reference REMC/18-19/05.

7.2 NOTED. Best practice around severance payment was discussed.

8. Equality and diversity implications
8.1 NOTED: that there were a number of matters related to equality, diversity and inclusion.

9. Communications and consultation
9.1 NOTED: that there were a number of matters related to communications.

10. Any Other Business

Registrar
10.1 CONFIRMED: that the University had made an offer to the incoming Registrar.

11. Matters to bring to the attention of the Board of Trustees
11.1 AGREED: that key points would be brought to the attention of the Board.  
Action: Chair of Remuneration Committee
11.2 AGREED: to include the Korn Ferry finalised report as an annex to the Remuneration Committee report to the Board. The Chair of HR Committee would present the report at the January meeting of the Board.

12. **Date of next meeting**
12.1 AGREED: that the additional meeting would be scheduled for early 2019. This would include a briefing from a remuneration expert as part of member induction/training.  
   *Action: Committee Secretary*

12.2 NOTED: that this was the last Remuneration Committee meeting for Ron Kerr and for Guy Orpen, and they were both thanked for their contribution.

Minutes ratified at Remuneration Committee meeting held on 24 January 2019.