

University of Glasgow

**Remuneration Committee**

**Minutes of the Remuneration Committee held on 23 May 2019 at 1000 hours in the Principal's Meeting Room**

Present: David Anderson, Dr June Milligan (Convener), Elizabeth Passey, Rob Goward, Ronnie Mercer (by conference phone), Scott Kirby (representing Lauren McDougall)

Attending: Christine Barr, Dr David Duncan, Lee McClure (Clerk)

Apologies: Kerry Christie, Lauren MacDougall, Professor Sir Anton Muscatelli

**1. Welcome and Introductions**

The Convener welcomed, Scott Kirby (incoming President of the SRC), who was representing Lauren McDougall on this occasion and would subsequently become the SRC representative. Members introduced themselves.

**2. Notes from the meeting held on 28 November 2018**

The notes from the meeting held on 28 November (not 28 October as indicated on the agenda) were approved as an accurate record.

**3. Matters Arising**

There were no matters arising.

**4. Remit and Terms of Reference**

Paper 2 was noted, with the Convener reminding all that the membership had been updated in the last year to include staff and student representation. Members agreed that it should be updated further to make reference to the Lay Member of Court being Vice-Chair of the Committee.

**Action: DD**

**5. Current Operating Principles**

The Committee noted the current operating principles and agreed that it would be sensible, given recent broader conversations in the sector and frequent discussions regarding the depth and breadth of the potential talent base, to add the following points:

- To draw on and be informed by good practice from across and outwith the sector.
- To take account of national HE pay settlements.

- To take account of internal talent management and succession planning considerations and the wider issues of recruitment and retention at a senior level.

The Chief Operating Officer, David Duncan, would advise if the changes required Court approval.

**Action: DD**

Time was spent reflecting on the University's position in applying and maintaining market median. The Committee discussed institutional trends relative to a small number of KPIs where recent performance is consistent with RG upper quartile comparators. Members noted this position and acknowledged key individuals' significant contribution against these metrics which include substantial income generation and recognised the importance of ensuring appropriate compensation packages. Following discussion, the Committee agreed to maintain our current organisational positioning to the market median in terms of senior remuneration, broadly consistent with institutional performance.

The Convener of Court, Elizabeth Passey, noted that income tax for higher earners was 46% in Scotland (compared to 45% in England) and that consideration might need to be given to this in respect of senior recruitment assignments.

## **6 P&DR and Recognising Contribution Outcomes 2017/18**

Members recalled the decision to approve an uplift of 2% for SMG members based on exceptional team performance in 2017/18. As a result, the salary bill for this group of staff increased by 1.3% as a consequence of all eligible staff receiving a consolidated salary uplift. The team-based approach taken by SMG had worked well and it was hoped that this could be rolled out more widely across the University in the future.

The Committee felt that the remuneration trends set out in Graph 1 looked disproportionate but noted that this was due to the addition of 3 new SMG members and in-year uplifts. Members sought like-for-like data in future without any caveats and the measure of inflation included.

The Director of HR reported that there were talks at a national level regarding incremental progression. The Committee noted that any review of the University's substantive pay and grading structure, which may include revising the approach to incremental progression, would be undertaken in consultation with the Campus recognised trade unions.

The Committee went onto to consider current remuneration trends of Grade 10 professorial and professional services staff, with the Convenor of Court seeking further information and fuller reports across all of the protected characteristics including gender analysis, in the future. This was supported by the Chair.

The distribution of awards by grade was noted, along with the low use of 'inconsistent performance' compared to previous years. The Director of HR was confident that those in this category were being supported through performance improvement and personal development plans but was mindful of the need to demonstrate that these conversations were taking place and would consider reflecting them in future analysis. The Convenor suggested the Committee should signal any concerns/questions regarding the distribution of awards.

Debate continued regarding the P&DR 4-point performance assessment scale for PDR purposes. Further, the Committee noted that the University is exploring the potential to disaggregate performance assessment outcomes from reward at an individual level. The Committee will be kept apprised of developments in this regard.

The Committee was reminded of the University's Market Supplement Policy which provides for recruitment, retention and market premia where this proved to be relevant with regards to particular subject disciplines or professional roles in which the potential talent pool maybe restricted. The Director of HR assured the Committee that the policy is applied where appropriate and, in which case the relevant market data is regularly reviewed in such cases. It was noted that the majority of those in receipt of such payments are currently based in the Adam Smith Business School. The Committee was mindful of plans to grow the School and agreed that any issues relevant to the ongoing Campus developments, with regards to attracting particular talent pools, should be considered by the Estates Committee in the development of business cases, etc.

## **7. Vice-Chancellor Remuneration – Current Landscape**

The remuneration of University Vice-Chancellors continues to dominate the headlines within HEIs across the UK. Members noted comparative salary data across Scotland, the Russell Group and more globally within and outwith the sector. The Committee noted the data with interest and recorded its value in appropriately referencing VC remuneration levels accordingly.

The Committee noted recent press attention regarding the existence of exit packages for VCs. The Chief Operating Officer confirmed that the University strictly complies with the obligations outlined within the Scottish Code of Good HE Governance which place particular restrictions on potential termination packages. Further, he confirmed that there are not any such specific provisions within the current contractual arrangements for the Vice-Chancellor.

## **8. SMG expenses**

The Committee was provided with a high-level summary of SMG expenses incurred by SMG members over the period from August 2018 - January 2019. Further data analysis has been undertaken, to include expenses incurred whilst on University business through the University's preferred service provider for travel and accommodation purposes based of previous feedback from the Committee. Expenses are processed in accordance with relevant University policies provided for information. The Committee welcomed the information and agreed this consideration represented good practice and we should retain this approach in the future. It was agreed historical trend information will be provided in future for comparative purposes.

The incoming SRC President, Scott Kirby, sought additional granular information with regards to expenses. The Director of HR undertook to discuss this outwith the Committee meeting.

**Action: CB**

Information was sought regarding University policy with regards to live-in accommodation and related benefits for staff (Appendix item 28 of the University's Travel Policy). The Committee noted a small number of employees engaged as Wardens in University residences are provided with living accommodation for which they receive a reduction in rent. Further, there are contractual obligations on the VC which

provide for the Principal to reside on the premises in the Principal's Lodgings, rarely utilised in practice. The Chief Operating Officer reported that HMRC had recently withdrawn the exemption that it was 'customary' for employers in the FE/HE sectors to provide living accommodation to Vice-Chancellors upon which the University is seeking advice.

## **9. Voluntary Severance and Salary Augmentation Approval.**

The University has approved a total of 9 voluntary severance cases consistent with the standard terms of the University's Voluntary Severance Scheme in the period since the Committee last met on 28 November 2018 as follows: -

- Arts 0
- MVLS 0
- Science & Engineering 3
- Social Science 0
- University Services 6

The total cost of the packages equated to £323,685 with an average payback period of 7.5 months.

The Salary Augmentation Policy in lieu of Pension Contribution provides an opportunity for high earning staff who have withdrawn from the relevant occupational pension schemes to apply to receive a salary enhancement in lieu of their pension contributions, subject to satisfying criteria. This operates on a cost-neutral basis. Since the last meeting of the Committee, the University has approved 3 such requests. Financial workshops are provided to those who might seek financial advice in this regard. The scheme was introduced in 2016, 25 members of senior staff are participating in the scheme.

The Salary Augmentation policy would be circulated to members for information.

**Action: CB**

## **10. Any Other Business**

The Convenor advised the Committee that she was encouraging Court Committees to work together to ensure issues were not inadvertently missed and asked that this happen in the case of the HR and Remuneration Committees.

## **11. Date and time of next meeting**

The next meeting would take place in November. Date to be circulated.

**Action: LM**

## University of Glasgow

### Remuneration Committee

#### Minutes of the Remuneration Committee held on 22 November 2019 at 1300 hours in the Principal's Meeting Room

Present: Dr June Milligan (Convener), Elizabeth Passey (via conference phone), Kerry Christie, Rob Goward, Ronnie Mercer

Apologies: Dr Craig Daly, Scott Kirby

Attending: Christine Barr (absent for item 4 where it related to her own remuneration), Dr David Duncan (absent for item 4 where it related to his own remuneration, and absent for rest of the meeting thereafter), Professor Sir Anton Muscatelli (absent for item 4 where it related to his own remuneration, and absent for the rest of the meeting thereafter), Deborah Maddern (clerk)

#### 1. Welcome and Introductions

Members introduced themselves. Apologies had been received from Dr Craig Daly and Scott Kirby. It was noted that Christine Barr had met Dr Daly ahead of the meeting by way of preparatory briefing and that the Convener June Milligan would meet him on 11 December. Scott Kirby had had to tender apologies relatively close to the date of the meeting. It was confirmed that comments had been invited from both.

#### 2. Notes from the meeting held on 23 May 2019

The notes from the meeting held on 23 May were approved as an accurate record. Christine Barr had met Scott Kirby following the previous meeting to discuss the reporting of SMT expenses to Committee meetings.

#### 3. Matters Arising

There were no matters arising.

#### 4. Remuneration Committee Annual Report

It was noted that the Principal, Christine Barr and David Duncan would leave the meeting at the point when their own remuneration was to be discussed.

The Director of HR introduced the report, advising that its format had been determined by CUC guidance and the Scottish Code of Good HE Governance.

##### *Current Strategic Context and Institutional Performance*

Christine Barr summarised details of: the Committee's terms of reference, remit and membership, which it was noted included new members Dr Craig Daly (staff) and Scott Kirby (student); current strategic challenges; current HE context including the risks posed to HEI recruitment by the proposed post-Brexit immigration system; institutional performance; the University's financial sustainability and budgetary position; KPIs and league table performance; and statistics relating to employment expenditure and pay progression at the University.

In discussion, it was noted that there would be an increase this year of around 4-5% in total workforce salary costs when promotion and incremental progression were taken into account alongside the base salary increase of 1.8% effective from 1 August 2019. The higher percentage of academic staff at the University (64%) who remained eligible for incremental progression compared to the average across the sector (53%) in the 2018/19 year, was in part explained by the local Early Career Development Programme assisting progression for academic staff pursuing the Research & Teaching and the LTS career tracks. It was also noted that, as had been referred to at the May 2019 meeting, any review of the overall reward structure – currently including salary, incremental progression and recognition and reward – at the University would be undertaken in discussion with the recognised campus trade unions. Such a review would be overseen by the HR Committee.

With regard to institutional performance data that had been presented, the University was performing well across 14 of its 22 KPIs. The Committee noted that the Staff Engagement KPI (for 2017/18) had not been met and indeed had been significantly lower than in the previous staff survey (2015/16); it was noted however that the methodology used by the survey provider had not been the same, therefore there was no direct comparison possible with previous years. In future years the use of the new provider would allow the University to benchmark across the sector. With regard to gender pay equality, while the aspirational target had not been met in 2017/18, the trajectory was positive and it was anticipated that it would be met in 2020.

It was noted that although the University had performed relatively well in the main domestic league tables, it had dropped two percentage points in the NSS, to 86% overall satisfaction, which had been disappointing given the strong performance in previous years. One of the possible causes was the disruption across the campus because of the ambitious capital development that was ongoing. The Principal noted the significance of this indicator for league table compilation and advised the Committee of continuing efforts to address the downwards trajectory.

#### *Senior Performance and Reward – Remuneration Principles*

The Committee noted the remuneration principles relating to the annual performance review of the Principal and members of the SMG, noting also that these principles were consistent with the remit of the Committee and were informed by historical salary data and benchmarking across the sector in accordance with the methodology previously agreed by the Committee. Benchmark comparative data had been sourced through various salary survey providers including the CUC.

#### *Senior Performance and Reward – SMG (Principal's Report)*

With respect to SMG, the Principal outlined the team-based approach that had been applied: a single outcome for the whole team, with a number of team-based targets having been used to assess performance.

Most team targets for 2018/19 had been achieved, including those relating to financial performance and student recruitment. The team target relating to the NSS had not been achieved. Progress had been made in relation to the World Changing Glasgow (Transformation) programme and the Capital Programme, which remained work in progress.

Christine Barr was absent for the remainder of the discussion on SMG performance and reward. David Duncan was absent for the remainder of the discussion on SMG performance and reward, and for the rest of the meeting thereafter.

The Principal provided a report on the performance of SMG. His overall assessment of the SMG team was that it had displayed a Strong Contribution. The Principal proposed a pay increase of 1.8% for SMG, in line with the uplift received by other colleagues at the University.

In further discussion of the NSS outcome, it was noted that its use as a KPI was becoming more difficult owing to the boycott of the survey by some HEIs, such that benchmarking against it would potentially no longer be possible. It was also noted that the result did not appear to have affected student recruitment to the University; and that the University remained relatively highly placed in the NSS rankings.

The Committee agreed that it supported the proposed 1.8% pay increase for SMG members.

Christine Barr returned to the meeting.

Two individual salary adjustments outside the team assessment rating were proposed, both related to recent re-appointments where salary levels were inconsistent with the market median. These deviations from the market median had been evident in data presented to the Committee at previous meetings and the readjustments on re-appointment were supported and approved by the Committee. It was requested that all relevant contextual information be provided for such salary adjustment requests to assist with decisions in future.

**Action AM/CB**

The Principal left the meeting.

*Senior Performance and Reward – Principal*

Christine Barr reminded the Committee that arrangements for the Principal's remuneration had been agreed by Court for a three year period, at the time of his reappointment; these arrangements were subject to satisfactory performance.

The Convener of Court, Elizabeth Passey, informed the Committee that she had conducted the Principal's Performance and Development Review. The review was informed by an assessment of the Principal's performance against agreed objectives and by feedback invited from all members of Court. The Principal's performance review for 2018/19 had been conducted by the Convener of Court and the Convener of the Remuneration Committee. Ms Passey noted a strong focus had been given to the strategic context in which the Principal was operating.

Based on the outcomes of these elements of the review, the Convener of Court's conclusion was that performance had exceeded the satisfactory level required for a salary uplift, under the terms set out in the Principal's contract of employment issued at the time of his reappointment to 30 September 2024.

With respect to future arrangements for the Principal's remuneration, given that the three year period covered under contractual terms would come to an end in 2020, the Committee would be provided with relevant benchmark data at its next meeting, to inform Remuneration Committee deliberations in making future recommendations to Court. It was agreed that the data should include Russell Group and global HEI related data.

**Action CB**

The Committee accepted the report of the Convener of Court with regard to the Principal's performance and agreed the salary uplift in accordance with the terms of his contract.

#### *Senior Performance and Reward – Grade 10 Professorial and Professional Staff*

Remuneration principles applying to Grade 10 Professorial and Professional Staff, and a summary of the proposed P&DR approach to these categories of staff in 2018/19, were noted. The Committee noted that, on an annual basis, Grade 10 remuneration levels were benchmarked against UCEA salary survey data to ensure the University maintained its competitive position in terms of policy and practice. The University continued to maintain its position against the market median.

While not contractually entitled to benefit, all Grade 10 staff except clinical staff had received the salary uplift of 1.8% that had been applied to other University staff from 1 August 2019, subject to satisfactory performance. Grade 10 clinical staff had received an average of 2.8% or a (lower) capped amount over a three year period, depending on salary level; the arrangements for clinical staff were linked to NHS terms and conditions.

It was noted that the 'team objectives' approach to P&DR had been cascaded across the campus during 2018/19. It was also noted that budgetary decisions for reward and recognition purposes (for exceptional and sustained performance) for Grade 10 staff – who do not have incremental progression scales – were delegated to each College and to University Services (on a proportional basis). These units adopted different methods for allocation.

The Committee approved the proposed approach to remunerating exceptional and sustained professorial and senior professional (Grade 10) performance in 2018/19.

The Committee approved an overall remuneration budget of 0.5% of the Grade 10 (professorial & professional services) salary bill for the purposes of Grade 10 staff reward and recognition.

## **5. Recent Voluntary Severance Approvals**

### *Voluntary Severance Approvals*

Since the last meeting of the Committee on 23 May 2019, 23 severance packages had been approved within the standard terms of the University's voluntary severance scheme. The split by College was as follows: Arts 2; MVLS 3; Social Sciences 6; and University Services 12. The total cost of the package was £552,755.76 with an average payback period of 7.91 months.

Whenever voluntary severance proposals departed from the standard terms approved by Court; or exceeded £100,000; or involved a member of SMG, the matter was referred to Remuneration Committee for decision. There had been no such cases since the last meeting of the Committee.

The Committee noted the information provided about severance packages approved.

## **6. Salary Augmentation Policy**

Remuneration Committee had agreed in 2016 that the University should make provision for high earning staff, who were affected by a breach of the Lifetime Allowance threshold and who decided to withdraw from their occupational pension scheme as a result, to apply to receive a salary enhancement. It had been agreed that applications would be considered by the Principal, Senior Vice-Principal and Chief Operating Officer/University Secretary, and that the Remuneration Committee should routinely receive a report on the number of applications approved.

The level of salary augmentation was normally reviewed by the Committee in the spring, to ensure that it remained cost neutral; this level varied in accordance with any increase or decrease in employer costs. There had been a review in April 2019 when USS employer costs had increased from 18% to 19.5%. With employer contributions having recently increased to 22.5% (from 1 October), the Committee considered implementing a review in the shorter term rather than waiting until the spring meeting.

The Committee noted the paper and the request for an exceptional review. The Committee decided that it would welcome an opportunity to have a fuller discussion on the policy and on the associated data given the significant changes to the USS since the policy was agreed in 2016, including the numbers involved and the wider implications for the University. Lay members of the Committee had experience of arrangements in place elsewhere to offer as part of that consideration. It was agreed that these fuller details would be provided, with the requested review carried forward until the next meeting.

### **Action CB**

It was noted that since the last meeting in May, nine requests for Salary Augmentation had been approved.

## **7. Contractual Changes**

The Committee noted a number of SMG contractual changes including three re-appointments, three new appointments and a demission of office.

## **8. Expenses Report**

A summary of expenses incurred by SMG members over the period 1 February 2019 to 31 July 2019 was noted. The Committee noted that the details now included travel expenses booked on behalf of SMG members for University business, as well as expenses claimed.

The Committee noted that the sustainability agenda was relevant to University travel and recruitment and was the subject of wider discussion within the institution.

## **9. Any Other Business**

There was no other business

## **10. Date and time of next meeting**

The next meeting will be held on 13 May 2020.