

REMUNERATION COMMITTEE

18 OCTOBER 2023

REDACTED MINUTES FOR PUBLICATION

A meeting of the Remuneration Committee was held remotely via Zoom videoconferencing on Wednesday 18 October 2023 from 13.00-14.00pm.

Present: Graeme Scott [GS] Honorary Treasurer and Chair
Amanda Clack [AC]
Stephen Jackson [SJ]

Apologies:

In Attendance: Adam Denton [AD] Student Trustee Observer
Jane Fawkes (University College Secretary) [JEF]
Lyndsay Hughes (note taker) [LH]
Andy Macdonald [AM] External Representative
Ashley Wheaton (Principal) [AW]
Lisa Wilks (HR Director) [LW]

0423 **1.1/ DECLARATION OF ANY CONFLICTS OF INTEREST**

0424 There were no conflicts of interest declared.

0425 **1.2/ APOLOGIES FOR ABSENCE**

0426 There were no apologies for absence.

0427 **1.3/ MINUTES OF THE MEETING HELD ON 12 SEPTEMBER 2023**

0428 The minutes of the Remuneration Committee held 12 September 2023 (paper 1.3) were **APPROVED** as a true record and signed by the Chair of the Committee. The proposed redactions from these minutes were approved ahead of being published on the UCEM website.

0429 **1.4/ MATTERS ARISING AND ACTIONS SUMMARY**

0430 The Committee **NOTED** all the outstanding actions agreed by the Committee have all been closed or are due for consideration in the meeting itself, excepting two that are not due until 2024 (consideration of a delay in bonus payments until after the year in question's audit has been completed and provision of an individualised UCEM mission group to allow for pay benchmarking of UCEM Executive Team).

0434 **1.5/ REMUNERATION COMMITTEE ANNUAL REPORT 2022-23 AND TERMS OF REFERENCE**

0435 At the last meeting of the Committee, the Remuneration Committee Annual Report 2022-23 and updates to the Remuneration Committee Terms of Reference were considered. Some discrepancies in what should and should not be included in the report and the alignment of the documents with the CUC Remuneration Code were raised. These have since been discussed in full by the Chair of Remuneration Committee and the University College Secretary and several amendments are now proposed in papers 1.5a and 1.5b in tracked changes.

0436 It was highlighted that the purpose of the report had historically been to provide an overview to the Board of the work of the Committee in the given year, not to report against fulfilment of the full CUC Remuneration Code. The modifications now mean the report is fulfilling a dual purpose. The updated report also provided clarity on all roles in scope of the Committee, which is Executive Team regardless of salary threshold.

ACTION: **Include the Pay Transparency Statement for the 2022-23 financial in the report once approved. [LH]**

0437 The Committee **APPROVED** the Remuneration Committee Annual Report 2022-23 for presentation to the Board of Trustees for review and final approval in November 2023.

0438 The Committee considered the Terms of Reference proposed changes and requested that it be made clear that point 2.2 refers to the Chair of the Board of Trustees and not the Chair of the Remuneration Committee.

ACTION: **Make final minor amendment to the Terms of Reference ahead of republication. [LH]**

0439 The Committee **APPROVED** the Remuneration Committee Terms of Reference V11.01 for finalisation and publication as the new V12.00.

0440 **1.6/ PAY REVIEW 2023 BY PROTECTED CHARACTERISTICS / DEMOGRAPHIC TYPE**

0441 The Committee requested data on UCEM pay review and benchmarking by protected characteristics. Paper 1.6 provided final pay review 2023 data by age, sex, sexual orientation, ethnicity, disability and religion for the information of the Committee. There were 272 employees eligible for pay review in 2023.

0442 LW reported that the data presents no immediate concerns for UCEM so its value was questioned. It was noted that the report was relatively quick to prepare due to the historic investment in data collection and the committee congratulated the HR team for their work. It was agreed that this data would form a benchmark baseline from which UCEM data and insights on EDI can grow. Comparisons year on year in future years will be useful, as will further presentation of the data such as the total size of each demographic shown to understand the percentages within this. It might also be useful to compare to a relevant external benchmark to provide an indication of whether UCEM is performing well in this area or not. It could also prove interesting to further cut the data by full/part time and academic/non-academic

staff. Finally, finding a meaningful and user-friendly way to publish the findings to staff will be considered.

0443 The Committee **NOTED** the UCEM Pay Review 2023 outcomes by protected characteristics / demographic type. The Committee agreed the report should be shared with the Lead Trustee for EDI.

ACTION: Share the Pay Review 2023 by protected characteristics / demographic type report with the Lead Trustee for EDI. [LH]

0444 2.1/ PAY TRANSPARENCY JUSTIFICATION STATEMENT FOR THE 2022-23 FINANCIAL STATEMENTS AND ACCOUNTS

0445 The Committee noted that UCEM is required to comply with the Accounts Direction issued by the OfS regarding senior staff pay. UCEM must include certain disclosures in the 'staff costs' note section to its financial statements. The proposed disclosure for the 2022-23 Financial Statements and Accounts was presented in paper 2.1.

0446 LW clarified that UCEM must disclose the numbers of staff earning a full-time equivalent basic salary of over £100,000 per annum and a statement on Head of Provider pay. The proposed statement follows all official guidance and reflects those statements provided in the in 2019-20,2020-21 and 2021-22. For the financial year ending 31 July 2023, there were five members of the Executive Team who need to be included with the disclosure:

1. Ashley Wheaton £219,575

2. REDACTED

3. REDACTED

4. REDACTED

5. REDACTED

0447 It was requested that a factual sentence be added to the start of the statement regarding the increase from 2 to 5 staff to be disclosed in 2023 from that in 2022 which was due to pay review increases awarded. It was also requested that the word *recognition* be added to the bullet point in the summary at the end of the statement regarding bonus as £30 in year was for recognition and £40,000 for bonus. Finally, it was requested that the salary sacrifice figures quoted be rounded and presented without decimal places. The Committee discussed whether to add additional detail to the statement, which would enhance compliance with the CUC Remuneration Code regarding performance and justification but is not required to meet regulatory compliance requirements by the Office for Students. It was agreed not to add further detail at this time.

0448 The Committee **APPROVED** the Pay Transparency Justification Statement proposed in paper 2.1 for the 2022-23 UCEM Financial Statements and Accounts, which, with the agreed amendments will read as:

The number of staff with a full-time equivalent basic salary of over £100,000 for the 12 months to 31 July 2023 is shown below. The number of staff has increased from two to five due to pay rises awarded in the August 2022 planned pay review round:

<u>Basic salary per annum</u>	<u>Number of staff (2022-23)</u>
£100,000 - £104,999	2
£110,000 - £114,999	1
£140,000 - £144,499	1
£215,000 - £219,999	1

The basic salary and performance-related bonus element of remuneration for the Head of Provider (the Principal) is agreed by the Remuneration Committee, which is a sub-committee of the Board of Trustees. All members of the Committee are independent trustees, and the Principal is not present during discussions about their remuneration. The Committee has regard to the 'Higher education senior staff remuneration code' published by the Committee of University Chairs, when considering senior staff pay.

The Remuneration Committee met on 30 August 2022 and approved a basic salary increase of 3% from £213,180 to £219,575 per annum, from 1 August 2022. This represented an inflationary increase only, as the Committee were satisfied basic salary sat comfortably within the relevant Higher Education sector salary benchmarks, and it matched the percentage increase applied to the wider staff group.

In terms of a performance-related bonus for the year ending 31 July 2023, the Remuneration Committee met to consider this on 12 September 2023. Clear performance metrics had been set for the year to 31 July 2023, focused on four areas of work, namely 1) operational and overall business performance based on the CX9 targets; 2) strategic priorities around development of a financial resilience strategy, an estate strategy, delivery of GLOBE Stage 1, and work towards achieving University Title; 3) increasing the profile and brand of UCEM; and 4) personal development. The Committee agreed it had been an exceptionally strong year for UCEM against performance of the core institutional metrics, and the Principal had made excellent progress in his enhanced external activities. Any areas where progress had not been at the desired levels, was accepted by the Committee as attributable to institutional capacity and resources, which would require a further plan of action. The Committee approved a performance-related bonus for the Principal for the year ending 31 July 2023, of £40,000.

Full details of the total remuneration package for the Principal for the year ending 31 July 2023:

- *Basic salary: £219,575 per annum*
- *Bonus and recognition awards for the financial year: £40,030*
- *Pension contributions: £46,011*
- *Salary sacrifice: Childcare vouchers £12; Cycle to Work Scheme £260*
- *Other taxable benefits: Private medical insurance £2,790*

0449

2.2/ PAY MULTIPLES: FINANCIAL STATEMENTS AND OFS RETURN

0450

The Committee noted that as part of compliance with the relevant Accounts Direction issued by the OfS regarding senior staff pay, UCEM is required to provide information about the relationship between the Head of Provider's remuneration and that for all other staff employed in the reporting year, expressed as a pay multiple. This is also referred to as the pay ratio and is reported in both the annual Financial Return to the OfS and UCEM's Financial Statements and Accounts. The proposed wording of UCEM's submission to the OfS for 2022-23 was presented in paper 2.2.

0451

LW reported that this is the fourth time UCEM has complied with this obligation and the complexity of work required to reach the statements made remains significant. In preparing the statements, UCEM has followed relevant guidance. The figures are reflective of UCEM payroll over the last 12 months which consists of all groups of staff (permanent, fixed-term, full-time, part-time, and casual). The analysis considers in detail variations to contract in year, full time equivalent hours, taxable benefits, pension contributions and bonuses. This is a total of 510 staff in 2022-23 (was 493 in 21-22). The pay multiple must be expressed as the full-time equivalent

of the Head of Provider's remuneration divided by the median pay at the provider (also calculated on a full-time equivalent basis).

- 0452 For the financial year ending 31 July 2023, the pay multiple at UCEM is as follows:
- The head of the provider's **basic salary** is 5.30 times (2022: 5.15) 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.
 - The head of the provider's **total remuneration** is 7.44 times (2022: 7.23) 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.

0453 The Committee **NOTED** that the basic salary pay multiple and the total remuneration pay multiple have both slightly increased since last year as a result of an increased number of lower paid staff joining UCEM. The ratios overall, however, are not of concern, have only increased marginally and are comfortably within OfS benchmarks of relevance.

0454 The Committee **AGREED** that UCEM has fulfilled its obligations under the relevant Accounts Direction in respect of the pay multiple aspect of the senior staff pay disclosure.

0455 The Committee **APPROVED** the pay multiple wording presented for inclusion in the end of year Financial Statements for 2022-23, noting that the ratios will also be included in the Annual Financial Return.

0456 2.3/ RE-APPROVAL OF BONUS AWARD DECISIONS MADE AT REMUNERATION COMMITTEE ON 12 SEPTEMBER 2023

0457 As per the terms of the Executive Team Bonus Scheme, the Remuneration Committee is afforded a further opportunity in autumn each year to review and re-approve the decisions it made at its September meeting regarding the award of bonuses to the Executive Team and the Principal for the previous financial/academic year, in this case 2022-23. This review milestone allows for completion of and reporting on **all** institutional performance metrics, noting that the financial performance for the year and reporting of this by the Auditors is being concluded for Finance Committee in early November.

0458 In advance the meeting, the Chair of Remuneration Committee had asked all members if they wished to revisit the decisions made on 12 September 2023 and all members confirmed they did not. As a result, the Principal and Deputy Principal were not asked to leave the meeting and no further discussion took place.

0459 The Committee **RE-APPROVED** all decisions made on 12 September 2023 regarding remuneration and reward for the Principal and Executive Team (minutes 0397-0403 and 0415).

ACTION: Process the agreed bonus payments for the Executive Team in November 2023. [LW]

ACTION: Process the agreed £40,000 bonus payment for the Principal in November 2023. [LW]

0460 **3/ ANY OTHER BUSINESS**

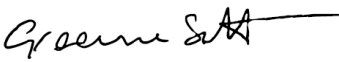
0461 The Committee **NOTED** the performance metrics for the Principal agreed between the Chair of the Board and the Principal during September 2023 for the 2023-24 financial/academic year as provided at paper 5.1 for information and to close action 0417.

0462 No other matters of business were raised.

0463 **4/ MEETING CLOSE**

0464 The Chair thanked LW and the wider team for all the work put into preparing for the meeting and the matters discussed. The Chair then closed the meeting at 13.47pm.

0465 The date and time of the next Remuneration Committee meeting will be Thursday 12 September 2024.

Signed: 

Name: Graeme Scott

Position: Chair, Remuneration Committee

Date: 12 September 2024